FBIS DAILY REPORT

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SEIZED ITALIAN FISHERMEN SENTENCED TO PRISON

AU091039 Rome ANSA in English 1017 GMT 9 Jan 87

[Text] (ANSA) Rome, January 9 -- The captains and crews of two Italian fishing vessels, seized by Albanian authorities on December 30, have been convicted of fishing in Albanian territorial waters, sources at the Foreign Ministry said here.

The two captains, Marcello Lanzillotto and Vincenzo Villani, were sentenced yesterday to one year's imprisonment while their crews received suspended sentences ranging from four to ten months. Italian Embassy officials in Albania said that the sentences of the two captains would be appealed. The two ships, the "Giana" and the "Rass", both out of th Adriatic port of Otranto, were ordered released.

The trial against the captains and crews of the two Italian fishing boats began January 3, but after a brief audience was adjourned to January 5. In what was seen as a break in Albania's traditional isolationist protocal, an official from the Italian Embassy in Tirana was allowed to attend the trial.

The last time Italian fishing boats were seized by Albanian authorities, on the same charge, was in 1963, when the ships and crews were held for 13 days before being released without being brought to trail.

For decades, Albania was virtually cut itself off from the rest of the world and has only recently begun to show a willingness to have any contact with other nations, in particular Italy.

ALIA, CARCANI SEND GREETINGS TO CAMBODIAN LEADERS

AU081435 Tirana ATA in English 0730 GMT 8 Jan 87

[Text] Tirana, January 8 (ATA) -- Comrade Ramiz Alia, first secretary of the Central Committee of the Party of Labour of Albania, and president of the Presidium of the People's Assembly of the People's Socialist Republic of Albania and Comrade Adil Carcani, chairman of the Council of Ministers of the People's Socialist Republic of Albania, have sent the following message to Comrade Heng Samrin, secretary general of the Central Committee of the Revolutionary People's Party of Combodia, chairman of the State Council of the People's Republic of Cambodia and Comrade Hun Sen, chairman of the Council of Ministers of the People's Republic of Cambodia:

"On the occasion of the National Day of the Cambodian people, on behalf of the Albanian people, the Central Committee of the Party of Labour of Albania, the Presidium of the People's Assembly, the Council of Ministers of the People's Socialist Republic of Albania as well as in our names, we convey our cordial greetings and wishes to you and to the Cambodian people.

"The Albanian people have followed with sympathy and have always supported the just struggle of the Cambodian people against the aggressive plots and plans of the imperialist powers and reactions, for the defence and consolidation of the independence, as well as their efforts for the development of the economy and culture and for the raising of the well-being of the people.

"We express our conviction that the relations of friendship between our two countries will develop constantly."

CARCANI GREETS DPRK'S YI KUN-MO ON APPOINTMENT

AU081439 Tirana ATA in English 0740 GMT 8 Jan 87

[Text] Tirana, January 8 (ATA) -- The chairman of the Council of Ministers of the People's Socialist Republic of Albania Comrade Adil Carcani sent the following message of greetings to the chairman of the Administrative Council of the People's Democratic Republic of Korea, Yi Kun-mo:

"I extend to you sincere greetings on your appointment to the important post of the chairman of the Administrative Council of the People's Democratic Republic of Korea.

"I avail myself of the opportunity to wish the Korean people new successes in the progress and prosperity of their homeland."

CULTURAL AGREEMENT WITH SWEDEN SIGNED

AU241406 Tirana ATA in English 1022 GMT 24 Dec 86

[Text] Tirana, December 24 (ATA) -- The programme on the cultural and scientific exchanges between the Peoples Socialist Republic of Albania and the Kingdom of Sweden for 1986-1989 period was signed in Sweden yesterday.

The programme was signed for the Albanian side by the ambassador extraordinary and plenipotentiary of the PSR of Albania in Sweden, Shpetim Caushi, and for the Swedish side by the director of the Swedish Institute of Culture, Anders Klasson.

The signing ceremony was also attended by the director of the cultural relations with foreign countries at the Swedish Ministry of Education and Culture, Hans Sand, the director of the cultural exchange department at the Swedish Institute of Culture, Klas Sveger, and other officials of this institute.

According to the programme, both sides will conduct various activities in the fields of culture, education and science, will exchange artistic groups, art and culture exhibitions, will reciprocally organise "The Days of the Film" in both countries, etc.

BLACK SEA 200-MILE EXCLUSIVE ZONE SET UP

AU082022 Sofia BTA in English 1814 GMT 8 Jan 87

["Bulgaria Establishes Exclusive Economic Zone in the Black Sea" -- BTA headline]

[Text] Sofia, January 8 (BTA) -- It was announced here that Bulgaria is establishing an exclusive economic zone in the Black Sea.

The exclusive economic zone is established in the sea area beyond the boundaries of Bulgaria's territorial sea and adjacent to it at a distance of up to 200 sea miles from the initial lines from which the breadth of the territorial sea is measured.

In the exclusive economic zone Bulgaria will exercise sovereign rights in the research, development, use, preservation and management of the living and other natural resources in the sea bed and in its recesses and in the waters covering them, as well as in the carrying out of other economic activities related to the study and use of the zone and its energy resources.

In this zone Bulgaria will exercise rights and jurisdiction concerning the formation and use of artificial islands, installations and constructions, in the carrying out of sea scientific research and in the preservation of the sea environment, as well as other rights ensuing from the international treaties and the other norms of international law.

The legal regimen of the exclusive economic zone will be regulated by law.

ZHIVKOV MEETS WITH SOFIA DIPLOMATS ON NEW YEAR

AU081929 Sofia BTA in English 1547 GMT 8 Jan 87

[Text] Sofia, January 8 (BTA) -- The traditional New Year's meeting of State Council President Todor Zhivkov with leaders of the diplomatic missions in Sofia was held here today.

After receiving the wishes for peace and cooperation with Bulgaria extended by the diplomats to the Bulgarian leader on behalf of their countries, Mr Todor Zhivkov spoke of the tasks which this country is now solving on the basis of techno-scientific progress.

Mr Todor Zhivkov dwelled on some aspects of international life in 1986. He pointed to the Reykjavik summit between Mr Mikhail Gorbachev and Mr Ronald Reagan as the most important event of the year. For known reasons concrete agreements were not reached in Iceland. But this summit was historic, the Bulgarian leader stressed. The Reykjavik summit put forward clearly and concretely the most important problem of our time -- the elimination of nuclear weapons. Reykjavik showed that mankind should and can avert the catastrophe.

In compliance with their possibilities, Bulgaria and the Bulgarian people are contributing to saving mankind and human civilization, the State Council president said.

Foreign Minister Petur Mladenov was also present at the meeting.

ZHIVKOV RECEIVES DEPARTING U.S. AMBASSADOR

AU091023 Sofia Domestic Service in Bulgarian 1000 GMT 9 Jan 87

[Text] Today Todor Zhivkov, chairman of the State Council, received Melvyn Levitsky, U.S. ambassador extraordinary and plenipotentiary to our country, on the occasion of his forthcoming final departure from our country after completing his tour of duty.

The meeting was attended by Petur Mladenov, minister of foreign affairs.

SPORTS PROTOCOL WITH PRC SIGNED IN SOFIA

AU082016 Sofia BTA in English 1818 GMT 8 Jan 87

[Text] Sofia, January 8 (BTA) -- A delegation of the State Committee for Physical Culture and Sport of the People's Republic of China paid a visit to this country at the invitation of the Central Council of the Bulgarian Union for Physical Culture and Sport.

Talks were held between the leaderships of the two sports organizations on issues of cooperation.

A protocol was signed today for sports exchange for 1987. It provides for the exchange of acrobatics, basketball and sports and modern rhythmic gymnastics teams as well as of weight lifting, Graeco-Roman style wrestling, diving, fencing and table tennis teams.

[Sofia Domestic Service in Bulgarian at 1830 GMT on 8 January, in reporting the signing of the above protocol, adds the following: "The document was signed by Chen Xian, deputy director of the International Liaison Department of the State physical Culture and Sports Commission of China, and by Aleksandur Bozhkov, chief of the International Relations Department of the Central Council of the Bulgarian Union for Physical Culture and Sports."]

COSMONAUTS SELECTED FOR TRAINING IN USSR

AU082007 Sofia BTA in English 1811 GMT 8 Jan 87

["Two Bulgarians Leave for the "Yuriy Gagarin" Centre in the USSR" -- BTA headline]

[Text] Sofia, January 8 (BTA) -- Major Engineer Aleksandur Aleksandrov and First Lieutenant Krasimir Stoyanov are the two Bulgarians who will leave for training at the "Yuriy Gagarin" cosmonauts training centre. This was decided at today's session of the commission set up in connection with the preparation of a joint Bulgaro-Soviet space flight in 1988.

Army General Dobri Dzhurov, member of the Politburo of the CC of the BCP, minister of national defence and chairman of the commission, who announced the decision, stressed the exceptional importance of the future flight for the integrational processes between Bulgaria and the Soviet Union.

Aleksandur Aleksandrov was the double of the cosmonaut Georgi Ivanov, who took off on April 10 1979 on board "Soyuz-33" as a member of the first Bulgaro-Soviet crew with Captain Nikolay Rukavishnikov.

HAJEK DISCUSSES CHARTER 77 ANNIVERSARY

AU081211 Vienna NEUE AZ in German 8 Jan 87 pp 4-5

[Article by Jiri Hajek, former CSSR foreign minister and first Charter 77 spokesman: "10 Years for Human Rights"]

[Excerpts] In January 1977, the Charter 77 citizens' initiative was founded in Prague to defend and enforce human rights. [passage omitted]

In accordance with the 1977 declaration of principles, Charter 77 is no political opposition and does not have any ambitions to come to power, either. Its documents have given society manifold incentives for discussion, for instance on ecological problems, the usefulness of nuclear power plants, drug addiction and other health problems, the education system, freedom of religion, etc. Although the government did not react directly to this, in many cases a discussion guided from above was started in the media. Thus, government propaganda tried to prove that problems, which had been taboo before, were receiving attention in official politics. Today, the state power strives to isolate the Charter, to push it toward insignificance through continuous police harrassment and permanent surveillance of its most active participants.

In the current situation, all this means a certain, if only relative, success of the Charter. Its concerns have met with broad interest and sympathy in other countries in general and especially in those circles whose opinion is valued by the CSSR Government. This is mainly a consequence of the CSCE process, which is fully supported by the Charter. In order to prove their credibility at the CSCE follow-up meetings, the CSSR authorities cannot afford to totally suppress the citizens' initiative, which adheres to the Helsinki principles. International partners who are verifying the implementation of the CSCE Final Act, and thus also the credibility of the CSSR Government at the follow-up meetings and in Vienna at present, sometimes seek to make direct contact with the Charter's activists -- much to the displeasure of the official authorities. The establishment of such contacts, however, depends on the appropriately energetic attitude of all those who strive for such contacts and want to maintain them.

Since the beginning of the 1980's independent peace movements have shown interest in contacts with the Charter. It has, however, been made impossible for the Charter to act upon these movements' invitations to numerous conferences and congresses. In the dialogue with these movements, the Charter represents the principles of strict indivisibility of internal and external peace and the inseparability of respect for human rights from the real efforts to eliminate war as a solution to international problems. [passage omitted']

REAGAN CRITICIZED FOR ENCOURAGING CHARTER 77

AU081159 Bratislava PRAVDA in Slovak 4 Jan 87 p 5

["(ZR)"-signed commentary: "Contrary to the Final Act; R. Reagan's Meddling in the CSSR's Internal Affairs"]

[Text] Those who ghostwrite the speeches of the head of the White House reminded their boss, U.S. President Ronald Reagan, that the so-called Charter 77 will be celebrating its 10th anniversary this year, and that he should use this opportunity for interfering once again, after some time, in internal Czechoslovak affairs. [paragraph continues]

Thus, his New Year's messages to those closest to him -- to his "brothers in the fight for freedom" within the ranks of the Nicaraguan counterrevolutionaries, Afghan dushmans and Savimbi's cutthroats from the anti-Angolan UNITA [National Union for the Total Independence of Angola] -- also included greetings to those dearest to him in Czechoslovakia, for their engagement "in the sphere of human rights" and in the fabrication of a "multitude of documents providing information about many aspects of life in Czechoslovakia and about international affairs."

Obviously, the U.S. Government draws its basic data on Czechoslovakia from such "documents," fabricated on every occasion by the "internal emigres" who are disassociating themselves from any and all positive activity of our people. It is an unconscionable occurrence in international practice for a representative of one of CSCE's signatory countries -- which had committed themselves in the Final Act of the CSCE in Helsinki not to interfere in other countries' internal affairs -- to encourage such separatists [odstiepenci] in another country to continue their antistate activities and to illegally gather tendentious and untruthful information for the needs of alien institutions.

CPCZ CENTRAL COMMITTEE PRESIDIUM MEETS

LD072001 Prague Domestic Service in Czech 1730 GMT 7 Jan 87

[Text] A meeting today of the Presidium of the CPCZ Central Committee discussed the tasks of Communists within the Revolutionary Trade Union Movement in preparing for the Czech and Slovak congresses of the Revolutionary Trade Union Movement.

It expressed appreciation for the trade unions' full endorsement of the results of the 17th party congress, and stressed the need for a further enhancement of the role of the trade unions as the largest mass organization of the working people in implementing the program of speeding up socioeconomic development, in providing for the attainment of the goals of the 8th 5-Year Plan, and in promoting conditions for restructuring the economic mechanism. This concerns, in particular, their role in developing work initiative and in promoting the socialist principles of organization of labor and remuneration, while improving the quality of production, consolidating discipline and order, and developing their care for the working people and the protection, of their rights.

It pointed out the irreplaceable importance of the development of the trade unions' mass political work. This calls for Communists in the trade union movement actively to promote in the trade unions' activity the ideas and approaches of the 17th congress, and to contribute to the atmosphere of critical stringency and to raising the effectiveness of trade union activity.

The proceedings of the Presidium of the CPCZ Central Committee went on to approve draft changes in the guidelines for the work of the political organs in the Czechoslovak People's Army, and in the guidelines for the work of the CPCZ organizations in the Czechoslovak People's Army. Both these documents are based on previous positive experience and on new needs. They specify the tasks of the 17th congress for party political work in the Army. The changes in the guidelines are aimed primarily at raising the effectiveness of party political and ideological educational work in the Army, at consolidating the cohesion of this work with the fulfillment of the tasks of military and political preparedness, and at enhancing the unified action of commander, political bodies, and party organizations.

The Presidium of the CPCZ Central Committee went on to discuss a report on the activity of the people's militia in the past 2 years. It praised the political and work activity and great dedication of the members of the people's militia in carrying out their assigned tasks. In accordance with the conclusions of the 17th party congress, it approved the program of their activity for the next 2-year training period. This program specifies the needs aimed at providing for further growth in the standard of military and political readiness of staff and units of the people's militia.

The Presidium also discussed a report by the federal government on the safety of nuclear installations. It noted that the level complies with the valid Czechoslovak regulations and corresponds to the recommendations of the International Atomic Energy Agency. At the same time, it stressed the need to continue to increase the reliability of the operations of nuclear power stations, both those already in service and those now under construction. It consented to the set of measures passed by the federal government aimed at strengthening the system of nuclear safety. It stressed that the overriding criterion in the preparation, construction, and operation of nuclear power stations must be unconditional adherence to the demand of nuclear safety. Czechoslovakia, it noted, will take an active part in creating an international system for ensuring the safety of nuclear energy.

The Presidium of the CPCZ Central Committee went on to discuss a report on the visit by the delegation of the party Central Committee led by Milos Jakes, member of the Presidium and secretary, to socialist Ethioipia, Mozambique, Zimbabwe, and the PDRY. It highly assessed the results of that visit, which contributed to further developing relations between Czechoslovakia and those countries, and to strengthening the internationalist bonds between the CPCZ and the progressive parties in those friendly states.

It also took note of a report on the results of the visit by Janos Berecz, secretary of the MSZMP Central Committee, to Czechoslovakia, and praised the development of cooperation between the CPCZ and the MSZMP in the ideological sphere.

The presidium of the party Central Committee went on to approve a set of political-organizational measures aimed at securing the principles of restructuring the economic mechanism in Czechoslovakia which were adopted by the Presidium of the party Central Committee and the federal government in accordance with the resolution of the 17th party congress and on the basis of the conclusions of the fourth session of the Central Committee. A series of specific measures is envisaged to inform the party and public of the purpose and objectives of these principles. These principles will be published in the media.

The Presidium also took note of a report on the constitution and commencement of activity of working groups. These groups will prepare Czechoslovak proposals for restructuring the mechanism of socialist economic integration and the activity of CEMA in the spirit of the guidelines framed at the CEMA meeting of the leaders of the fraternal communist parties of the socialist states in Moscow last November.

The Presidium of the CPCZ Central Committee also discussed further matters in the sphere of domestic and foreign policy.

UNITY OF INTEREST TO COUNTER NATIONALIST DANGER

AU081123 Prague RUDE PRAVO in Czech 5 Jan 87 p 5

[Hana Smitakova and Jan Sindelka article: "Coexistence and Cooperation of the Nations of Czechoslovakia, With Unity of Traditions and Perspectives"]

[Excerpt] [Passage omitted] As a consequence of the party's ideological work, important progress has been achieved since the 14th CPCZ Congress in the consciousness of the people on the issues of socialist internationalism and patriotism, but a number of problems have not been resolved so far. Imperialism is aware that nationalism is one of its most effective weapons in the struggle against socialism. By spreading nationalism, imperialism is trying to smash the unity of the individual socialist countries as well as the unity of individual nations and nationalities within these countries. In so doing, it knows that it can rely on a long-standing history of conflicts and disparities between nationalities that came into being in the course of their historical development under conditions of class antagonism.

At present, too, there still exist some real possibilities of spreading nationalism. Even under socialism its spread is made possible by some natural dissimilarities between nations and nationalities, and by the aftereffects of the influences of class societies which one has not succeeded in overcoming. Elements of nationalism can also be revived by some necessary measures if these are not correctly understood by members of the nations and nationalities whom they concern. In the present-day world there can also reemerge, especially among the young generation, trends toward cosmopolitanism, trends overestimating the technical development of the industrially advanced capitalist states and not appreciating its social consequences, trends which base the nationalities' integration only on technical-economic integration.

These tendencies must be opposed by exposing the exploitative, suppressive essence of capitalism; one has to realize that in bourgeois society technical development does not serve the development of man, but endangers the world through the increasingly less controllable arms buildup, which could lead mankind to extinction. In this respect, the 17th congress directs attention toward concrete fostering of socialist patriotism and internationalism.

Regarding the nationalities problems, the 17th CPCZ Congress stressed the importance of cooperating and bringing our nations and nationalities, as well as the nations of the entire socialist system, still closer together. This orientation means harmoniously uniting class and national interests. Only in this way, can nationality problems be resolved and the working people of Czechoslovakia led to a firmer unity of all the people. [passage omitted]

ECONOMIST OUTLINES IMPROVED PLANNING

LD211458 Prague Domestic Service in Czech 1140 GMT 20 Dec 86

["Saturday Interview" program; interview with Josef Hubacek, from the Central Institute of National Economic Research, by correspondent Jan Bednarik; date and place not given -- live or recorded]

[Text] [Bednarik] An interesting discussion is taking place among our economists. It is apparent particularly in HOSPODARSKE NOVINY. The point of departure for the discussion is also the conclusion set out in the political report of the 17th Congress of our Communist Party. I quote: To continually perfect the system of planning and management of the economy, to gradually restructure the economic mechanism.

This is the subject of this week's "Saturday Interview" with Josef Hubacek from the Central Institute of National Economic Research.

What in your opinion, is the main cause of some of the problems in the development of our economy?

[Hubacek] I see the main cause of the fact that we are not completely successful in the transition to intensive development and that the required national economic efficiency is not being secured, in an unsuitable system of planning and management and its operational mechanism. The present system of planning and management no longer corresponds to the consideraly more complicated and demanding conditions of the tasks and goals of the national economic development.

[Bednarik] In your opinion, then, what should the system of planning and management and its operational mechanism be like?

[Hubacek] Planning and management is still often incorrectly identified with the central planning of all, even partial, economic ties, economic links, and relations. At the same time, the fact that there should be a precise division of activity and decision-making powers in the area of planning itself is not being respected, for the very reason that it is not in one's power to fully appreciate all these individual concrete connections, which number in the hundreds of thousands if not millions.

I am of the opinion that the planning and designating of basic national economic proportions should be -- from the viewpoint of the interests of the whole of society -- in the power of central economic organs, while the planning and designating of actual production economic activity should be fundamentally in the power of the enterprise economic sphere above all, the enterprises themselves. In depending on the degree of their decisionmaking power, both levels of planning -- that is central economic organs and enterprises -- would bear commensurate responsibility for their activity. Planning and management and the operational mechanism of the socialist economy conceived in this way would create greater space for innovative activity and conducting of enterprises and the conditions for increasing the efficiency of their mutual ties.

[Bednarik] Where, then, do you see the point of departure?

[Hubacek] I see the point of departure in a different system of planning and management; that is, one where both levels, the central and enterprise spheres, would, on the basis of the relevant economic information, and naturally the tools of state economic policy, independently plan and manage their activity for those spheres and areas for which they are responsible within the framework of the social division of labor.

[Bednarik] From what you have said, it follows at the same time, that there would have to be a necessary change in the economic standing of enterprises and an increase in their economic powers.

[Hubacek] Naturally, the required functioning of the economic mechanism, necessarily further depends on a desirable change in the economic standing of enterprises; that is, on an increase in their economic independence, in which leading Soviet economists as, for example, Academician Bogomolov and Agan Begyan consider this side of the economic mechanism of primary importance.

Enterprises should thus be given the power to independently decide on the production aims and the purposeful and effective use of production means, labor force, and financial means, and not -- as was the case up to now -- to fulfill detailed, written out, binding planned tasks and plan indicators from higher sections of economic management. Depending on the quality of management and on how they satisfy the needs and requirements of customers and consumers -- that is in extent, structure, variety, and quality of products -- they would achieve their economic financial results. Thus, they could independently dispose of the amount of received income or profit both to secure extended reproduction and to increase wages, or possible to meet the increasing social needs of their workers.

[Bednarik] This means, then, that there would be a fundamental change in the decision-making of enterprises. What will be the point of departure and the decisive thing in their decision-making?

[Hubacek] Supplier-customer contractual relations, in particular, should become the point of departure and the determining factor in the action, dealing, and decision-making of enterprises about their production economic activity, when working out their own production financial plans and setting out their production and sale program. Supply and demand relations, or rather value tools such a price, profit, credit, interest rates, wages, and others, and their influence on the action, dealing, and decision-making of enterprises are irreplaceable precisely in this respect. They should stimulate and even force enterprises into a more rational and intensive use of all production sources and financial resources equally, so that they subordinate the structure, variety, and quality of products to the changing requirements of customers and consumers. Conditions would thus be created which would force enterprises as producers to undertake innovatory activity and implement the development of science and technology, and stimulate the development of socialist enterprise linked with competition, which has, so far, been missing in the functioning of our economy.

[Bednarik] As I understand it, this would even out the relationship between the supplier and customer.

[Hubacek] Naturally. If the impulse was orginating and coming from the customer or consumer, this would remove the dominant position of the supplier and create a priority position for the customer, which should necessarily manifest itself in achieving the desired production-consumption balance on the market.

[Bednarik] One more question on what you have said: Will there not be a limitation and reduction in the role of planning, or the active economic policy of the socialist state?

[Hubacek] On the contrary. The central management and planning organs could concentrate more than they have up to now on their official activity in solving problems which affect the whole of society, to project and defend the interests of society as a whole, and promote the effective, dynamic, and balanced development of national economy, including the creation of limits for manifestations of undesirable or one-sided value relations?

[Bedrnarik] And what about the enterprise sphere?

[Hubacek] The enterprise economic sphere, as I say in issue No 48 of HOSPODARSKE NOVINY, could, within the framework of the national economy, set out economic rules and national economic priorities, fully concentrate on desirable and real solutions to their fundamental problems and on securing the development of individual sectors and products -- that is production activity itselt.

[Bednarik] In which areas is the state, state economic policy, irreplaceable, in your opinion?

[Hubacek] The state, or rather state economic policy, must have an active, irreplaceable role in questions of global domestic and foreign economic balance; in questions of the division of the national income, the development of the standard of living, counteracting ecological imbalance, and in areas where it is necessary to concentrate enormous investment resources, such as extensive investment intentions and development investment projects. Central economic organs, of both planning and management, must secure the future develoment and expansion of the national economy as a whole, while soving all national economic problems which extend beyond the interests of the enterprise economic sphere, that is solutions to macroeconomic questions of socialist society. With tax, price, finance, wage, credit, interest rate and social policy on top of this, they create a framework for the behavior of the enterprise economic spheres. Among the main tasks of state economic policy is the need for it to be present in all these areas. Using direct and indirect management tools, it should correct undesirable, contrary effects of supply and demand relations -- that is market relations -- by using the macroeconomic regulation tools.

[Bednarik] Of course, what we are talking about here is a very complicated process and it will no doubt not be without obstacles.

[Hubacek] Naturally, this is a very complicated process which cannot be without the solution of a number of important questions, including overcoming ingrained stereotypical thinking. It is a process affecting all economic ties and relations, namely, price, finance, credit, wage, foreign trade, and other questions; including the forms of realizing socialist ownership. In some cases, changes affect production, economic and organizational management structure, the system of the enterprise economic sphere, but also institutional, legislative, legal, and many other questions. It is precisely a number of these questions which are being solved in a complex way and worked out in detail in our institute, which is concerned with applied economic research.

[Bednarik] Briefly, what would you say in conclusion?

[Hubacek] In conclusion, it is necessary, however, to emphasize once again that the transition to an intensive type of economic development can only be secured and achieved if enterprises, as the true, real, basic economic links of the enterprise economic sphere, are involved and fully interested in this process.

KUCERA RECEIVES ITALIAN PARLIAMENTARIAN ANIASI

LD082225 Prague CTK in English 1930 GMT 8 Jan 87

[Text] Prague Jan 8 (CTK) -- Visiting Vice President of the Chamber of Deputies of the Italian Parliament Aldo Aniasi and Deputy Chairman of the Czechoslovak Federal Assembly and Chairman of the Czechoslovak Society for International Relations Bohuslav Kucera discussed here today the present state of cooperation between the parliaments and friendship societies of the two countries and possibilities of its further development.

Aldo Aniasi heads a group of representatives of the Italian Socialist Party which arrived here on January 5 for a working visit at the invitation of the Czechoslovak Society for International Relations.

Aniasi Comments on Visit

LD082228 Prague CTK in English 1948 GMT 8 Jan 87

[Text] Prague Jan 8 (CTK) -- Vice President of the Chamber of Deputies of the Italian Parliament Aldo Aniasi has described the current visit of Italian representatives as an important step towards further development of relations with the Italian Socialist Party.

Aldo Aniasi emphasized that the visit significantly contributed to the exchange of stands on mutual cooperation as well as international questions and laid foundations to further development of a dialogue.

In this connection, Aldo Aniasi called for extension of cooperation between the parliaments of the two countries. He appreciated the activity of the Czechoslovak Society for International Relations and its contribution to the development of friendship between the peoples of Italy and Czechoslovakia.

The Italian representative emphasized that in the present international situation all countries must actively help strengthen world peace. He pointed out the significance of the Soviet-U.S. summit in Reykjavik and stressed responsibility of all states for seeking ways to mutual understanding.

BRIEFS

VESSELS FOR USSR -- The USSR will purchase 92 ships and technical vessels in the CSSR in the current 5-year period. [Summary] [Prague RUDE PRAVO in Czech 1 Dec 86 p 2 AU]

BREWERY TO CHINA -- Beijing Dec 15 (CTK correspondent) -- Technoexport Prague has signed a contract for the delivery of the first Czechoslovak brewery to China. construction is to begin on the southwest outskirts of Beijing in 1988 and the brewery's capacity is to be 300,000 hectolitres per year. China has also expressed interest in a Czechoslovak cement works. According to Chinese sources, Technoexport has gained the order in a competition with eight companies from capitalist countries. China produced last year only two million hectolitres of beer, little to satisfy the fast growing demand, and it is assumed that it could be interested in more Czechoslovak breweries. [Text] [Prague CTK in English 0910 GMT 15 Dec 86 LD]

TRADE WITH GDR -- Prague Dec 15 (CTK) -- The volume of goods to be exchanged between Czechoslovakia and the German Democratic Republic next year will increase by five percent, compared with this year, according to a protocol signed by the deputy foreign trade ministers of the two countries here today. Under the long-term trade agreement for the 1986-90 period, products of the engineering industry, electrical engineering and electronics constitute the largest part of the goods exchange. The new protocol provides also for the exchange of consumer goods. [Text] [Prague CTK in English 1840 GMT 15 Dec 86 LD]

HONECKER INTERVIEWED ON UPCOMING NAKASONE VISIT

LD082245 East Berlin Voice of GDR Domestic Service in German 1605 GMT 8 Jan 87

[Report by unidentified reporter on interview granted by Erich Honecker, to Japanese television channel NHK correspondents accredited in the GDR, broadcast on 8 January on the occasion of the forthcoming official state visit by Japanese Prime Minister Yasuhiro Nakasone -- Honecker replies recorded]

[Text] [Reporter] Speaking on the issue of what significance is to be attached to the visit of the Japanese prime minister to the GDR, and what our country expects from Japan in the development of international relations, Erich Honecker said:

I attach great importance to the forthcoming state visit by the Japanese prime minister, Mr. Nakasone, to the GDR. In the present complicated, and I may say, dangerous international situation, the exchange of political view between the leading representatives of states with different social systems is more necessary than ever in order to improve East-West relations and to avert the danger of war. In the nuclear-space age, there is no acceptable alternative to peaceful coexistence. In recognition of this, the GDR is interested in enhancing its political dialogue with Japan. The good relations between the two states are a good basis for this.

Japan has a respected place in the world and is, as a result of its economic and scientific potential, called upon to play an important role in the solution of the basic problems of our time. We welcome the statement by the Government of Japan that it would do all in its power for the preservation of peace. We view the Government of Japan's repeated assertion that it will keep to the three non-nuclear principles as a valuable contribution to the reduction of the danger of a nuclear war and to the promotion of a ban on and abolition of nuclear arms.

The GDR regards Japan's support for the peaceful settlement of all conflicts by political means and for negotiations on disputed issues as an expression of her responsibility for the strengthening of international security and stability.

Despite having different social orders and, I may say, differing viewpoints on many issues, the GDR and Japan could do a great deal by working together for the improvement of the international situation and the strengthening of peace in the world. Notwithstanding everything that separates us, in our view, ways must be found -- and on this I agree with the wishes expressed by Mr. Nakasone yesterday -- to block the nuclear arms race and to secure the peaceful future of mankind. I am convinced that in the talks with Mr. Nakasone these questions will be given the high priority they deserve.

[Reporter] Asked about the GDR contribution to the improvement of East-West relations, the SED Central Committee general secretary and GDR State Council chairman said:

In Reykjavik, we believe that one could see clearly that practical agreements on disarmament are not only necessary but possible. Thus, the summit was a benefit to mankind. The opportunity of Reykjavik could not, however, be exploited, because, as is well known, the United States stuck to its "star wars" program. Also, its refusal to join the nuclear test ban and its repudiation of SALT II can only further complicate the aggravated international situation. In its efforts to promote detente and cooperation, the GDR takes into account the real situation.

It sees the only way to prevent a nuclear holocaust in the union of all forces of reason and realism, in the further intensification of political dialogue, and in objective negotiations. Hence, we attach the greatest importance to the numerous meetings with politicians from countries with different social systems. Our actions are determined by our special responsibility for peace, which arises for both German states from the experiences of history, and, lying as it does on the sensitive dividing line between the Warsaw Pact and NATO, the GDR is making within the framework of its alliance an active contribution to the securing of peace, which is expressed in concrete, realistic and flexible proposals for peace and disarmament.

The GDR supports such constructive initiatives as that of the assassinated former Swedish Prime Minister Olof Palme for a corridor between the two alliance systems that is free of tactical nuclear weapons. The leading party of the GDR, the SED, has cooperated with the SPD of the FRG to launch initiatives to create chemical weapon-free zone and a nuclear-free corridor in central Europe. We think that, as a result of what happened in Reykjavik and the proposals put forward by General Secretary Mikhail Gorbachev, there are now good possibilities to reach agreements on the nuclear issue, which is a matter of war or peace.

[Reporter] Later in the interview, Erich Honecker answered a question on the 750th anniversary of Berlin, saying:

As is well known, two horrific world wars originated in Berlin. Our prime aim is to do all we can to ensure that only peace can now emanate from German soil, thus also from Berlin.

In the year of the historic anniversary, our Berlin will be a meeting place of understanding, of constructive dialogue on peace issues, and of happiness for guests from all over the world. It was in this spirit that I invited Mayor Eberhard Diepgen and other West Berlin politicians, and of course -- and you quite rightly remarked on that -- we have invited personalities from all over the world to the celebrations in Berlin. This is all meant to serve the interests of peace and friendship and to strengthen good-neighborly relations. Good-neighborliness and the recognition of the realities resulting from World War II and post war developments help to ensure peace.

Import of Berlin Anniversary

LD082252 East Berlin ADN International Service in German 1731 GMT 8 Jan 87

[Text] Tokyo, 8 Jan [ADN] -- In an interview broadcast today by the Japanese television company NHK in Tokyo Erich Honecker, the SED Central Committee general secretary and GDR State Council chairman, said that he attached great importance to the forthcoming state visit to the GDR by Japanese Prime Minister Yasuhiro Nakasone. [passage omitted]

Erich Honecker said that Berlin's 750th anniversary was also on occasion for honoring Berlin's existing traditions as a place for international meetings devoted to peace and international understanding. The sojourn and work in Berlin of such outstanding Japanese personalities as the writer Mori Ogai and Dr. Kitazato were examples of international collaboration in the service of humanity. "We consider it an important matter," Erich Honecker said, "to cultivate and preserve this heritage in our present good conditions".

SED'S LANGE HOLDS TALKS WITH LUXEMBOURG OFFICIAL

LD081547 East Berlin ADN International Service in German 1416 GMT 8 Jan 87

[Excerpts] Berlin, 8 Jan (ADN) -- At the end of a briefing visit by the Luxembourg politician, Dr Lydie Schmit, vice president of the Socialist International and member of the European Parliament, to the GDR, there was a warm meeting with Inge Lange, candidate member of the Politburo and secretary of the SED Central Committee, during a luncheon hosted by the Presidium of the International Friendship League.

Inge Lange informed her guest on the great efforts undertaken by the SED, the government and the whole GDR people in implementing the decisions of the 11th SED Congress to preserve peace, avert the danger of a nuclear conflagration, and continue the policy for the welfare of the people. Mrs Lydie Schmit said she was impressed by the reconstruction work visible everywhere in the GDR.

Her visit to the former fascist concentration camp of Sachsenhausen provided made her feel certain that fascism in the GDR has been overcome once and for all and that the antifascist legacy is being preserved and fulfilled. She strongly opposed the recent statements by Federal Chancellor Kohl, which are detrimental to a genuinely desired peaceful rapprochement and to the cause of Europe. [passage omitted]

The meeting was also attended by Ilse Thiele, member of the SED Central Committee and chairwoman of the DFD, and Helene Berg, member of the SED Central Committee.

STOPH INTERVIEWED ON SOCIOECONOMIC DEVELOPMENT

AU090834 Warsaw RZECZPOSPOLITA in Polish 5 Jan 87 pp 1, 2

[Interview given by Willi Stoph, chairman of the GDR Council of Ministers, to RZECZPOSPOLITA: "Stable Foundations of Cooperation" -- date and place not given]

[Text] [RZECZPOSPOLITA] What about the GDR's socioeconomic development in 1986?

[Stoph] The 11th SED Congress was for us the most important event in 1986. The congress resolutions launched a qualitatively new stage of constructing a developed socialist society in the GDR. Our working people continue to accomplish congress tasks with full commitment and enterprise as attested to by the good results of the 1986 socioeconomic plan. These results make it truly possible to achieve the goals of the 1986-90 plan. For example, by the end of last November our national income increased 4.3 percent, net production by 8.5 percent, and productivity by 8.8 percent. On the other hand, production costs decreased by 1.8 percent. Our farming had the highest ever yields of cereals, the state procurement of animals for slaughter increased 2.1 percent, and milk production 3.7 percent compared to 1985.

The working people's achievements have been used for their direct benefit. By the end of November, we built and modernized over 193,000 apartments. Retail trade increased 4.2 percent, and this includes a 6-percent increase in trade with industrial goods. The development of services for the population continued.

We achieved progress in effectively applying scientific and technological achievements in production and, especially, in key technologies. [paragraph continues]

Generally speaking, life has confirmed the line of the 11th SED Congress that comprehensive intensification of production determines greater economic effectiveness and increases, and thus helps to raise the material and cultural conditions of the population.

[RZECZPOSPOLITA] Could you tell us about the GDR's share in accomplishing new CEMA tasks in economic and scientific-technological cooperation?

[Stoph] Our plans are based on accords concerning the intensification of socialist economic integration. The goals and tasks of the comprehensive program for CEMA member-states' scientific-technological progress are consistent with the principles of the 11th SED Congress' strategy of economic development and serve as directives for GDR's development of science and technology.

Accelerated development of microelectronics, modern computers, automated production, flexible production systems, new production technologies and materials, biotechnology, nuclear energy, and lasers crucially help to strengthen our community's economic and scientific-technological potential.

We attach great importance to rapidly exploiting scientific and technological research in production and we continue to work on the organic link between science and production. In order to be equal to this task, GDR production combines have developed the necessary scientific potential that makes it possible to design and employ production technologies. We continue to exploit our own inventions.

The development and practical application of key technologies are impossible without rational cooperation among CEMA member-states, cooperation based on relevant accords. Efforts to tighten direct cooperation among production combines and associations as well as research units in our countries are an important road to accomplishing the comprehensive scientific-technological program. We continue to develop such direct links in line with various accords and in complete agreement with our system of planning and running the socialist national economy.

[RZECZPOSPOLITA] How do you evaluate cooperation with Poland? What are the prospects of its development?

[Stoph] We attach very great importance to cooperation with the PPR -- our socialist neighbor. That is why we are so pleased that our comprehensive fraternal relations have reached such a high level in the past few years. The 11th SED and 10th PZPR Congresses as well as regular meetings between Erich Honecker and Wojciech Jaruzelski are of great importance for these relations.

The distinctive feature of our relations, which are based on stable foundations of GDR-PPR cooperation in the spirit of complete trust, is the intensive exchange of experience in all fields and the development of ever more extensive contracts at central and local levels. The rich achievements of our relations include Days of GDR Culture in the PPR and Days of Polish Culture in the GDR. These days produce positive results.

The annual increases in our foreign exchanges, which amounted to between 9 and 12 percent since 1983, are the best testimony to the upsurge of our economic cooperation. Our foreign trade in 1986 is estimated at about R2.3 billion, which is 13 percent above that in 1985.

I also would like to mention the exchanges of our children and youths during summer vacations. In the past few years these exchanges involved over 1 million girls and boys from the GDR and the PPR. We are very keen on successfully continuing these exchanges. The long-term accord signed last November created a stable basis for this.

Our task is to raise socialist integration to a qualitatively new level. The long-term program for scientific, technological, and production cooperation up to the year 2000 -- this program was signed by E. Honecker and W. Jaruzelski -- has created good foundations for this task. We wish for increasingly greater benefits of this cooperation for our people. I am convinced that our friendly relations will continue to develop dynamically and successfully.

[RZECZPOSPOLITA] Can world peace be preserved? Can accord be achieved on disarmament issues that are of key importance for the future?

[Stoph] The year 1986 was full of events that were of extreme importance for all mankind. Let us simply recall the Soviet proposals on eliminating all nuclear weapons up to the year 2000 and the Budapest Appeal for reductions in armed forces and conventional armaments. The socialist community countries submitted a comprehensive program for reducing all kinds of weapons on the principle of equality, equal security, and effective control. Thanks to the Reykjavik summit and thanks to M. Gorbachev's far-reaching proposals put forward in Reykjavik, this program received a new strong initiative. It is true that the opportunities presented by the historic Reykjavik meeting were lost because of the Reagan administration's stand, but this meeting made clear to the entire world what could be achieved in reducing armaments and promoting disarmament with the help of flexible and responsible conduct.

We realize that the international situation continues to be complicated and very tense because the most reactionary U.S. and NATO circles keep on following their dangerous policy of confrontation and forced armaments. That is why we must do all we can to prevent a nuclear holocaust.

We are fully at one with our Polish friends that a new stage has begun in this struggle. I think that it will be possible to preserve and guarantee peace, thanks to the increased efforts of nations and all the forces of common sense and goodwill.

FDGB REGIONAL CONFERENCE REVIEWS ACTIVITIES

AU071744 East Berlin NEUES DEUTSCHLAND in German 5 Jan 87 p 1

[Excerpt] Berlin (ND/ADN) -- Another stage of the elections in the largest GDR mass organization began with 80 FDGB kreis delegates conferences on the weekend. The trade unionists discussed their contribution to the implementation of the decisions of the 11th SED Congress and adopted tasks related to conducting the socialist emulation in preparation for the 11th GDGB Congress in April. They deliberated on how their organization can cooperate in enriching social life in the kreise and cities. The delegates drew up balance sheets of trade union work in their regions and elected new kreis executives. [passage omitted]

ECONOMIC INDEX FOR JANUARY-NOVEMBER 1986

AU090842 Budapest NEPSZABADSAG in Hungarian 7 Jan 87 p 10

[Unattributed report: "Economic Index -- January-November 1986"-- percentages represent figures for the same period last year]

[Text] State and cooperative industrial enterprises (including small companies, small cooperatives)

Volume of gross production value		
Industry total		101.1
Within this:	metallurgy	101.5
	engineering industry	102.2
	chemical industry	100.1
	building materials sector	102.5
	light industry	100.1
	food industry	101.5
Industry, excluding food industry		101.0
Number of employees		99.3
Gross product per employees		101.8
Average monthly wages per employee		108.1
Construction sector of building industry (including small companies, small cooperatives)		
Production of building industry		100.2
Number of employees		96.8
Average monthly wages of employees		108.8
Foreign trade turnover (at current prices)		108.7
Import		
Export		100.1
Retail trade turnover (at current prices)		108.2
Within this:	food, beverages, and tobacco	106.5
	articles of apparel	104.9
	miscellaneous manufactures	110.6
Procurement		99.4
Within this:	plant products	102.5
	live animals	96.2
	animal products	100.0
Performance of transportation enterprises		
Goods delivery (based on goods-tonnage kilometers)		100.4
Long distance transportation of passengers (based on passenger kilometers)		99.9
Population's revenue from central sources		109.7
Consumer price index (January-October)		105.2

During the period January-November 1986, production of state industrial enterprises and industrial cooperatives increased 1.1 percent as against the level of last year. The building materials sector increased its outputs by 2.5 percent and the engineering industry increased its output by 2.2 percent. The increase in production was 1.5 percent in both the metallurgy and food industry sectors. The output of the electric power sector also increased somewhat. [paragraph continues]

Production in the mining, chemical, and light industrial sectors remained the same as last year. During the 11 months, domestic industrial sales increased by 1.5 percent and exports reached almost the same level as between January-November 1985. Excluding the food industry, the actual exports of manufactures remained the same both in ruble and non-ruble trade. Due to a drop in exports in non-ruble trade, less food than last year was sold abroad. The number of people working in industry dropped by 0.7 percent. Output per employee increased by 1.8 percent and output per hour increased by 3 percent as against the level of January-November 1985.

The output of the construction sector of the building industry remained the same as last year. Within this, the output of state construction firms dropped slightly, while that of cooperatives increased. Building and construction work per employee went up by 3.5 percent, but dropped slightly below the level of 2 years ago.

Produce from plant cultivation and market gardening -- which comprised 45 percent of agricultural produce in the 11 months -- went up by 2.5 percent. Sales of cereal went up, those of maize dropped as against the period last year. An increase was also registered in sales of rice and sunflower seeds, but there was only a slight increase in the case of vegetables. However, a significant increase was registered in the procurement of fruit (especially apples) and of wine. In the January-November period sales of live animals dropped by 3.8 percent as against last year: There were 7.1 percent fewer slaughter pigs, 9.6 percent fewer slaughter cattle, and 14.5 percent fewer slaughter sheep. Procurement of slaughter poultry went up by 13.4 percent. In total, sales of animal products remained the same, and this included an increase in milk and a drop in the case of eggs and wool.

Retail trade turnover increased by 8.2 percent at current prices and by 3.6 percent at comparable prices as against the same period last year. Store sales of foodstuffs, beverages, and tobacco went up by 5.4 percent at comparable prices and sales of miscellaneous manufacturers went up by 5.9 percent. Turnover in the catering trade and sales of clothing dropped.

During the 11 months, socialist organizations spent a total of 146.9 billion forints on investments, 4.6 percent more than last year. Disbursements increased in all spheres of decision-making except for large investments, and this includes an increase of 10.4 percent for enterprise investments and of 3.1 percent for council investments.

SZOT SECRETARY GENERAL BARANYAI INTERVIEWED

LD081328 Budapest Television Service in Hungarian 1710 GMT 7 Jan 87

[Interview with Tibor Baranyai, secretary general of the National Council of Trade Unions [SZOT], by unidentified presenter; date, place not given -- live or recorded]

[Excerpts] [Passage omitted] [Presenter] The biggest social organizations in our society are the trade unions, comprising 4.5 million people. Last time we spoke to Tibor Baranyai, secretary general of the SZOT, was on 6 February 1986, just before the SZOT congress.

Because of our timely tasks, our daily worries, and the questions posed by our audience awaiting answers, we have again asked him into our studio. As I greet you here let me start with a question put by one of our viewers, a worker from Kaposvar: Where is the secretary general of the SZOT a trade union member, and what wishes of his, as an organized worker -- or more precisely organized leader -- failed to come true in 1986?"

[Baranyai] I am a trade union member in the collective, SZOT headquarters, and I feel well in this trade union community. Regarding my wishes, although we have worked very hard my real wish was to have had a successful 1986. As a private citizen I would also add that I would like to have the fulfillment of my wish that 8 hours work, 8 hours leisure, and 8 hours sleep would be ensured. [passage omitted]

[Presenter] Three questions now should be addressed. The first is whether trade union work has been successfully adjusted to the changed social and economic circumstances. Has the movement become better able to provide more effective protection of the membership's interests?

[Baranyai] It is difficult to give an unambiguous answer, but if I consider the essence of the question: I can say that a good start was made. After the 25th congress they reviewed all those issues that the membership ordered from us and expect a reply to, and we have tried to work out solutions. I would like to say that the Hungarian trade union movement, in the shaping of the Seventh 5-Year Plan and the preparation of the concrete measures following it, participated with the state organs and has made its voice heard while representing the interests of workers. I would also like to mention, and I think it is an important question, that assistance of the production of material assets, the support for the socialist brigade movement, and all means which liberate and utilize the creative power of the workers have come to the fore, in accordance with its proportion and importance, in the trade union movement. I can list a few of them like the innovation movement, rationalizations, expansion of the exchange of experiences and expert knowledge, and so on.

I would like to say, at the same time, that this process has by no means ended and it is the final result that is essential; the results of 1986 prove that in this regard there are still reserves in the trade union movement. Our plan is to convene, as early as this year, a national consultation for socialist brigade leaders, with the precise objective to make clear that it is not us from above who should be the ones to tell what needs to be done for the achievement of goals and production as well as management tasks, but instead we should, by relying on the wise consultation and assembly of brigade leaders, seek opinions about the most important tasks.

I must say that very many areas of trade union work -- spheres relating to social policy, cultural work, the educational issues, and so on -- are included in our task program and we would like to, not hastily, place these on the agenda to work out the appropriate measures. In addition to this we would like to modernize the work direction of trade unions, the entire activity of the movement, and shed the lingering bureaucratic features. We would like to work together much more than hitherto with the membership, the industrial branch trade unions of today, and the county councils of trade unions, primarily so we can provide greater assistance for the operation of the basic trade union organizations at the plant and workplace level. In my view, the frontline struggle of trade union work today is in the basic organizations at plant and workplace levels, and it is the duty of all higher organs to assist this struggle according to their knowledge and abilities, while ensuring the necessary conditions.

[Presenter] The second question is whether the independent concept of the trade unions is becoming more pronounced in its outlines, primarily regarding negotiations with the government. Are trade unions better in taking a step forward to meet events or are they still only following these while the pressure on them to compromise is growing stronger and stronger? What I have in mind is that there is still no comprehensive social policy concept in the country, there are only ideas regarding individual parts; there is no independent trade union stance.

[Baranyai] You remember well our last discussion and the subjects of discussion during the [February 1986] congress. It must be said in a self-critical fashion that the formulation of an independent stance for the trade unions is one of the most difficult tasks of trade union work. The opinion of the membership must be condensed and confronted in such a fashion as already mentioned above. Yes, I can responsibly state that the trade union movement is expressing its view better and better, more and more independently, based on the political decisions of the party and the will of the membership.

What issues are at stake here? We are already working not on the present year's, but on future wage increase concepts, variations, and ideas as to how wages can be differentiated even better, based on performance. We are working on a concept relating to the further development of the pension system, taking into account the opinion of the trade union membership. We are also working on a concept relating to the development of the trade union holiday system because it is our duty; the membership criticized us very much during the congress over this issue. We are also working on a concept relating to the membership fee because we feel that there are still things to do in this regard as well.

These are only some examples: I could give more. I feel that the trade union movement must have an independent concept, both on a national, professional, regional, and plant level. The creation of this and its development will, however, take more time.

[Presenter] All the same, the membership still demands a more militant service of their interests. I do not mean the tone here, but a consistent standpoint on matters of principle, mainly in implementation. Many of our viewers have said, in connection with governmental decisions, that they do not know the trade unions' alternative proposals for solutions, their standpoint taken in the debate. Permit me to quote from the statement on the prevailing mood put out by the Trade Union County Council from County Borsod: Unfortunately, nobody is consoled by the fact that both understand each other's problems, as we can only progress with difficulty like this. From the News Background, the viewers could mainly learn what the two halves agreed on. For me, the trade union agrees to everything, signs everything. What do you think of all this?

[Baranyai] I think that regarding the demand for openness and the more detailed account of standpoints, the criticism is just, and we are taking steps here to improve matters. I would ask the membership to be patient and to understand those steps that we have already taken. For example, before the latest talks between the Council of Ministers and the SZOT, before the SZOT leaders' talks, we debated with almost 400 people at a full session of the SZOT those subjects and standpoints that we made known to the government. Afterward, in the communique, unlike communiques up to now, we listed in detail, according to subjects, what we were in agreement upon and even what we were not in agreement upon, those questions which have to be examined later. But even this is not enough. Afterward there was a News Background where we attached explanations to the standpoints, the debates, and the various subjects still to be worked out.

Our idea is still more than that. Our idea is that after every single Council of Ministers-SZOT talk, to make use of the trade union network -- first and foremost that of the shop stewards. We will verbally outline those standpoints and debated questions featured in the talks, if this serves the matter and furthers understanding.

I must add to this that of course, coming back to militancy, our trade union standpoint demands militancy in connection with our own membership as well.

We must, for example, militantly explain within the membership, coming back again and again to this, that wages, social policy benefits, and various other benefits must be distributed on the basis of need and of work completed.

Let me say that this explanation, this militancy, also forms part of the trade union work, and this also counts as a very important task regarding protection of interests.

[Presenter] Did trade unions agree with or acknowledge the 4-month basic wage freeze, both positions being different, as a viewer has pointed out.

[Baranyai] If I answer the crux of this question, I can say seeing the situation, understanding the circumstances, that here we were in complete agreement. If we look at the form, there we acknowledged the measures, that is, the proposal that the government, after coordinating with us, sent out to the enterprises and institutions. Why must I put it like this? Because these shades of difference are significant and important. We agreed that in 1985 and 1986, wages ran ahead of their production in a series of places. This happened to the detriment of the majority of the trade union membership, and for this we agreed that this could no longer be continued. We cannot distribute more than we have produced.

We also agreed with the governmental bodies in that measures must be taken, and many different forms of measures came up. We considered this form to be one that the government could carry out, could get help from the works leadership, directors, party organizations, trade unions, one in which we could put the trade union membership behind as well on the basis of its sense of justice and its interests. So we decided upon this.

Let me add one more thing to this. Following these measures, nothing is final, for the realization of the 1987 plan is now before us. If we work well, if the results of the first quarter of the year bring what we are counting on, and it is probable that they will, then every trade union body has to endeavor now to work out the program so that the wage increases that are in the plan will come about in the remaining months. So nothing will be left out, if we do realize the set aims. Here, the trade union bodies, together with the enterprise leadership, must urge the programs, the formulation of them in the appropriate time, and then their realization.

[Presenter] Perhaps Comrade Baranyai remembers 2 years ago, the VASAS [Iron, Metal, and Electric Power Industry] trade union, having consulted 5,000 workers' families, prepared a report on the families' living and social conditions. In the country, all told 1,153,460 families receive a family allowance; of these 202,475 work in the iron, metal, and electrical energy industries. I quote from the report: Although the social expenditure given for bringing up a child has grown dynamically, it has not been sufficient to reduce the existing significant differences per capita income between families. The income of families with children compared to those without has become more and more unfavorable. The difference measured in absolute terms has grown significantly; the difference measured in consumer goods has increased. The number of children has a decisive effect on the financial situation and the contentment of a family. In proportion to the number of children the per capita income of a family falls; this is particularly so in large families.

[Baranyai] Yes. Where there are 3-6 children, and where their provisions, schooling, physical, mental, and intellectual development must be seen to, there is, to be sure, less time and energy for extra work on the side for GMK's [economic work collectives], so these families have ended up in a cumulatively disadvantageous situation. [passage omitted]

[Presenter] And now let me quote from another statement of the central leadership of the Vasas trade union. The workers are saying, with increasing vexation, that the division of what they should produce is not their task. They urge the creation of the conditions of continuous work, they criticize the superficial handling of problems. They also say that more and more burdens are being shifted onto the workers at large plants, who produce the vast majority of the national income. Others, however, using loopholes in the regulations, obtain an income virtually without work. What is your opinion on this?

[Baranyai] This is a recurring problem, which remains unresolved, and we shall not rest until it is resolved naturally, not by itself, but primarily by the efforts of the government, the party, and the trade unions. We also profess, and I am saying not as a catchphrase, not as overstatement, that the basis of the Hungarian trade union movement among the members remains the workers at large plants, the intelligentsia, and employees there. Not exclusively, not to oppose them to small- or medium-sized plants, we nevertheless count more heavily on the workers at large plants, as we have always counted on them in the past 40 years.

At the same time, it is true that we presently do not have the possibilities in every sphere to pay for the work done in the 8 hours by the workers at large plants in main work time; these can only be created gradually. For that reason, separately at each enterprise, in accordance with the situation, there must be efforts to tie, where possible, the highest incomes and incentives to get work done during the main work times; and where it is not yet possible, we should gradually create conditions for this to become attainable. The Hungarian trade union movement has placed this goal on its banner, and I feel that we shall make considerable advances here in the seventh 5-year plan, naturally adding that it depends on the collctives' work, the management, technical development, and the realization of all the goals that otherwise are ahead of us.

[Presenter] Regarding transfer of labor, people expect of the trade unions that it should not be necessary to undertake more personal sacrifice. Therefore, they should not end up in a disadvantageous situation through no fault of their own, because for the most part they cannot help that they work in an uneconomical plant whose managers have done nothing to change this for many years.

[Baranyai] Perhaps the question should be made more precise. I do not profess, and I believe that we cannot profess at all, that labor transfers do not, or cannot, affect the workers negatively. It must be said openly that such cases can occur; there have already been some, and in the next period, when the objective of the manpower being where it is most effectively able to work for the benefit of the community is being realized individual and group interest damage will be possible. The trade unions must stand up in such cases and see that lawfulness is observed; they must see that no harm befalls a single person that involves a violation of the laws, by a fundamental change of his situation.

However, I should like to mention that now, in 1987, we still are at a point where there is much more of a manpower shortage, a demand for manpower, than there are transfers planned at the present moment. I hear everywhere that there is a manpower shortage at the railways, the mines, in the lathe trade, in a set of other spheres, in the welfare institutions, and in services.

If now I realistically collate the two, I can say to the trade unions that the utmost effort must be made so that manpower goes where it is best able to work for the benefit of the community. And it is to this goal that the conditions must be adapted, in lawfulness, benefits, wages, and other things.

Over the years, in the following decades, we shall be able to count on greater movement. This ought to prepared for -- and we require this of the government -- by working out a comprehensive program for it.

[Presenter] Two questions on the basis of our letters. First: Why are the people with the lowest pensions the trade unions' stepchildren?

[Baranyai] The question does not correspond with reality. The people with lowest pensions are fullchildren at least to the same extent as the other trade union members; indeed, the congress resolution stipulates for us, as soon as possible, to work first on a solution to their affair.

[Presenter] Why do the membership dues rise from year to year? Why does the gross income form the base of these dues, while that of sick pay is net earnings?

[Baranyai] In our organization, the membership due is 1 percent of earnings [passage omitted] in the form of stamps. Earnings rise from year to year. It is natural that membership dues should also rise. There greatest party, nearly one-half, is received by the base organizations, and we devote 30 percent of total expenditures on trade union assistance alone. As regards the use of net earnings, several proposals have been voiced in this connection. The SZOT has decided that this year, or at the latest, at the beginning of next year, it will discuss various ideas with the trade union members, and then decide in the issue of membership dues.

[Presenter] In some places, the trade union members are not exactly proud of their affiliation. As far as I am aware, you became an organization worker out of an apprentice locksmith 43 years ago. With what and how would you convince a worker at present to join the trade union?

[Baranyai] Just like I was convinced by my more elderly fellow workers, simply by their calling me: Come among us. Come to our community. We need you, and we shall protect your interests. Now, before I came here today, I received a small brochure that I brought with me. I am very pleased that this has been published; I shall show it. Written on it is: Come into Vasas. It is received by apprentice skilled ironworkers, the institutions and the apprentices alike. I feel that it is a new opportunity for the work of the trade union youth sections to gain an upswing in the institutions for training skilled workers.

[Presenter] Comrade Baranyai, thank you for accepting our invitation.

[Baranyai] I also thank you.

MIKLOS ASSESSES CHURCH-STATE RELATIONS

AU091340 Budapest MAGYAR HIRLAP in Hungarian 31 Dec 86 p 3

[Article by State Secretary Imre Miklos, chairman of the State Office for Church Affairs: "The Relationship Between the State and the Churches"]

[Excerpts] [Passage omitted] In our homeland the great majority of people have noticed with satisfaction that the churches have found a way of cooperating with the state in our socialist society, and they regard this as a natural fact of everyday life. For a long time the churches and denominations in Hungary have considered socialism, apart from being a reality, as a possibility that gives them room for their activity and which they accept, considering it suitable to enter into a political alliance that they feel to be their own. Of course, today's basically favorable situation is the result of a development in church policy which demanded mutual patience and understanding for several decades. It is precisely this fact that today's society considers to be the most significant, namely, that the presence of churches and believers and their relationship to the state and other social groups are not among the factors that account for tensions, but are rather the contrary; they are a factor that provides a strong supporting pillar for the policy of alliance that leads toward public consensus. In other words, the alliance of state and churches increases political stability and contributes to preserving social peace, which is so important for all of us. [passage omitted]

In contemplating last year's experience we may say that the presence of the clergy not only demonstrates its participation, but also provides proof of creative cooperation. There are, of course, significant resources in this field, because more public activity on the part of religious people could enrich the work of social organizations.

Further activities were also registered in the work of church movements for peace led by the Catholic Committee of the National Peace Council and the Interdenominational Peace Committee. Their stance continues to be a significant force with regard to the main issues of international affairs, the maintenance of peace, disarmament, and a more just world order. In addition, the church peace movements can also discuss local and national issues at their meetings, which is in line with their best traditions. [passage omitted]

As a natural consequence of our working relationship as partners, leaders of churches and government representatives regularly hold discussions on solving current issues. We consider an unchanged feature of our discussions to be that we do not exclude any subject at all, and that appropriate considerations and patience may and must lead to finding answers to the proposals and suggestions of the churches, which are the expression of realistic social demands. [passage omitted]

In the new year and, of course, in the near future, we intend to develop further the relationship between the churches and our socialist society in the spirit of creative cooperation. The demand for continuation and constant renewal is not a contradiction, but a fundamental requirement fr a constantly stabilizing alliance. We may satisfactorily preserve our common values created by the efforts of long decades if we are able to renew these values according to the requirements of our society, and by placing our mutual interests in the foreground.

LEADERS SEND MESSAGE TO CAMBODIA ON HOLIDAY

AU090903 Budapest NEPSZABADSAG in Hungarian 7 Jan 87 p 3

[MTI-attributed report: "On the National Day of Cambodia -- Hungarian Leaders' Greetings Telegram"]

[Text] Janos Kadar, general secretary of the MSZMP; Pal Losonczi, president of the Presidential Council; and Gyorgy Lazar, chairman of the Council of Ministers, sent the following greetings telegram to Heng Samrin, general secretary of the Central Committee of the Kampuchean People's Revolutionary Party [KPRP] and chairman of the Council of State of the PRK, and to Hun Sen, chairman of the PRK Council of Ministers in Phnom Penh:

Dear Comrades!

On the occasion of the national day of commemoration in the PRK, on behalf of our people and ourselves, we convey our greetings and best wishes to you, the Central Committee of the KPRP, the Council of State and the PRK, and its Council of Ministers, as well as to the friendly Cambodian people. The Hungarian people appreciate the results of the work performed by the Cambodian people to build a new society. We highly appreciate and confirm our support for the consistent efforts of the PRK which aim to create peace and security in the Southeast Asian region. We are pleased to see the satisfactory development in the friendly relations and cooperation between our countries and peoples for the benefit of our common cause, peace and social progress. On the occasion of your national day of commemoration, we wish you and the Cambodian people further successes in your self-sacrificing work for the prosperity of your homeland.

MINISTER VERESS MEETS WITH POLISH COUNTERPART

LD081855 Budapest MTI in English 1645 GMT 8 Jan 87

[Text] Budapest, January 8 (MTI) -- On Thursday Hungarian Minister of Foreign Trade Peter Veress held talks with Andrzej Wojcik, minister of foreign trade of the People's Republic of Poland. The ministers exchanged views on topical issues related to trade policy and the system of foreign trade management.

Andrzej Wojcik was received by Jozsef Marjai, deputy chairman of the Council of Ministers. Present at the talks was Tadeusz Czechowicz, ambassador of Poland to Hungary.

BRIEFS

NEW AMBASSADORS RECEIVED -- Rezso Trautmann, vice president of the Presidential Council, received the following ambassadors, who presented their credentials on 20 November: Mwabili Kisaka, the first ambassador in Hungary from the Republic of Kenya, and Laurent Kanyarubira, [name as published] the new ambassador from the Republic of Rwanda. The event was attended by Gabor Nagy, deputy minister of foreign affairs. [Summary] [Budapest NEPSZABADSAG in Hungarian 21 Nov 86 p 7 AU]

JARUZELSKI'S FINAL ADDRESS TO PLENUM PUBLISHED

AU300301 Warsaw TRYBUNA LUDU in Polish 19 Dec 86 pp 3, 4

["Text" of final address made to the 19 December Warsaw sesion of the Third PZPR Central Committee Plenum by PZPR First Secretary Wojciech Jaruzelski: "The Economic Reform Is an Opportunity To Improve Our Conditions, But Its Mechanisms Will Not Operate Automatically. We Must Act To Exploit Them"]

[Text] Esteemed comrades, party members and working people attach great hopes to the third plenum. This is because the 10th congress' economic strategy called for detailed tasks to implement it. The congress told us what we should do and the Central Committee has now gathered to translate congress decisions into practical tasks.

Our plenum debates have confirmed the thesis that "tasks must and can be accomplished. Even if not all speakers from the floor referred directly to the second stage of the economic reform, most of their evaluations and proposals defined the conditions of its implementation.

Plenum reports were extensive and comprehensive and discussions were very militant and to the point. The plenum has adopted a meaningful resolution. That is why I will sum up only those aspects of the plenum that are most crucial to me.

The directions of action, adopted by the Central Committee, have evolved in the course of months of debate which testified to a high degree of socialization of planning in Poland. In the spirit of openness, with no "taboo" topcs. A lively press debate went on. We are concealing nothing. Every citizen had an opportunity to familiarize himself with broad reports on the condition of the economy including a detailed report on Poland's indebtedness.

Representatives of the workers self-management bodies, PRON activists, scientists, and economic functionaries have submitted many important observations and proposals.

I wish to praise the creative contribution of the social and advisory bodies such as the Consultative Economic Council, the Commission for the Economic Reform, the Commission for Food Production, the Polish Economic Society, the Supreme Technical Organization, the Scientific Society of Organization and Administration, and many others.

A momentous event came with the congress of the reborn trade unions. Its rich crop is still being studied and processed. In implementing the second stage of the economic reform, the union's postulates must be approached with full attention. In cases when the expectations cannot be fully met, the problems must be honestly and concretely explained. This is the requirement of honest partnership with this largest and ever stronger organization of the working people.

We have heard the statements made by Comrades Miodowicz and Kryzyzanowski with this in mind. We expect that differences in views will be smoothed by considerations of realism, business accounting, and the principle supported by the government and trade unions that it is necessary to reach higher goals through more rapid increases in productivity, quality, and efficiency, and through efforts to lower consumption of materials and energy. Whatever else can be done in this regard -- depending on objective and subjective conditions -- will promote the socioeconomic goals of the trade unions, the government, and the party.

It goes without saying that the government, the Planning Commission, and the entire adminstration do not find it easy to devise solutions via social consultations, but the harder the to road decisions and the broader their base in society, the more correct and effective they are. This also increased our opportunities to implement all the decisions in all sectors with discipline and consistency. The third plenum has clearly told us how to achieve our appointed goals under the present difficult conditions and, beginning with the party, what to do to achieve better economic results and thus better social benefits. We are ending this plenum determined to indefatigably realize the decisions of the 10th congress and of this plenum. That is why it is our party's duty to support government efforts to this end.

It is difficult to define the present economic situation in a single simple formula. It is not dramatic, as the opponents try to argue, but it is not satisfactory either. We do not have a stagnation, but we also do not have sufficient dynamism. The dominating feature is development, hampered, however, by a significant number of negative phenomena. There are among them numerous subjective obstacles which complicate the overcoming of objective difficulties whose burden continues to be great.

We started -- and this should be constantly recalled -- from a deeply depressed level of the national income. The pool of production assets and materials diminshed drastically. The interruption of deliveries from Western states paralyzed the work of numerous factories, poultry farms, and investment activity.

The truth is as follows: Decomposition of the economy has been overcome, and in a relatively short time. This has been achieved with a work force smaller by 400,000 and with the working time shorter by nearly 10 percent. We have arrested decline in the living standards of the population, although there are over 2 million more of us than in 1980. We have embarked on the road of development. Poland's position within the socialist community has been rebuilt. In 1982-85 Poland paid off more than $7 billion of interest on credits. Let us recall that the situation was the reverse in the second half of the seventies. The economy then operated with credits on a scale much higher than the sum of repayments mentioned above. In fact, those who question the accomplishments of the past few years insult the efforts of the great majority of the nation.

We have done much, but from the social perception, as well as in the belief of our party, it is still too little. We continue to make intensive efforts to learn from this.

We Are Entering a Momentous Period of Socioeconomic Development [subhead]

We are at the brink of deep qualitative transformations. We are entering a breakthrough period of socioeconomic development. In this regard we are not isolated. The Soviet Union, many socialist countries are heading in a similar direction.

The concept of its development and methods of implementation are detailed in the national socioeconomic plan for the years 1986-1990. No earlier plan has accorded such weighty importance to intensive factors. To make it more credible and socially appealing, it has to be live, dynamic, enriched with new values, and one to promote overfulfillment of quality and effectiveness indicators. This is just what the second stage of the economic reform is meant to do.

Does this mean that we face an introduction to the national economy of extraordinary, completely new, and special rules and mechanisms? This is not the point. We want the economy to function just normally, to remove from it what is nonsensical, abnormal, what defies economic laws and common sense. Normality must show in the fact that goods are available, can be bought for money which must be earned through work, that he who works more productively and applies more modern management will earn more.

These are the unchanging goals of the economic reform introduced 5 years ago. At that time we entered a wasteland under conditions of acute political struggles and economic disarray. We have not been able to tread the path then chosen without difficulties and to avoid mistaken activities. We continued to devise various economic solutions, but we had to pay the toll for economic management that indulged in extensive methods of economic development and we had to cope with the people's acute needs.

The time has come to eliminate these weaknesses and inconsistent efforts. The economic reform is the same in its basic principles, but it is also watertight, effective, and under implementation. This is the essence of our intentions, as Professor Sadowski said during the plenum debate. His arguments were supported by many other speakers from the floor, including Comrade Pyrkosz, manager of the Teofilow plant, who made a very resolute statement.

We see the whole complexity of implementation of the second stage of reform. We know that it will not be possible to avoid short-term contradictions between economic rigors and the pressure of social needs, between the requirements of development and the necessity of servicing the foreign debt. Hence, a realistic approach is needed.

However, above all we must take care that temporary compromises have no arbitrary, voluntaristic character, and in no way violate the essence of the reform or lead to its dilution. They can offer a gateway neither for temptations toward bureaucracy and command, nor populistic-demagogical demands.

The Party's Duty Is To Resolutely Defend the Reform's Line [subhead]

Resolute defense of the reform's line is the duty of party echelons and organizations. The point is that not only party members and aktivs should be convinced that the line is correct; the most important issue is that the workers class and all our people are convinced that the policy of the second stage of the economic reform is to ensure higher efficiency and effectiveness in the working people's interest, and that it is an absolute necessity.

What is needed is to win understanding and acceptance for practical implementation of the rule that a well-working company and worker will advance and profit, while the lazy or wasteful one will be in jeopardy and will lose the undeserved income. In other words, an honest worker will not lose, a better than average one will gain, and a bad one will face dire consequences.

This means that efficient plants, workers teams, and individual workers will enjoy new opportunities and will become aware of the need for reward and stability, which is a must for good performance. This is the genuine road to finally achieving better living conditions and to solving many problems that continue to greatly harass our people in their daily living.

The implementation of these principles will be determined primarily by conditions inside the plants. Managers and all organizers bear special economic and moral responsibility toward work forces and all the people. This responsibility also extends to ensuring that wages are just and are paid in line with the economic reform.

At the same time, let me point out that depending on the plants' independence, self-management, and self-financing does not imply less responsibility on the part of the founding bodies. This responsibility changes in that it becomes more profound and institutional. The founding bodies must ensure that economic facilities, strategic management and coordination, the conduct of cadres, and control checks help achieve the goals of the economic reform.

The government's duty is to ensure that performance is consistently evaluated in such a way as to guarantee that inefficient plants do not obtain the premiums reserved for efficient plants.

There must be no repeat of the situation at the beginning of the reform when the plants that had become insolvent, often through their own fault, and then began to recover, and achieved steeper rates of wage increase than the plants that continued to develop correctly and consistently.

Efficiency and effectiveness cannot be achieved by supplication. To achieve real efficiency, we employ positive methods and motivation, and we are right to do so. We should bear in mind, however, that negative methods also have to be applied to ensure that bad performance, aversion to scientific and technological progress, and shoddy work will result in cut wages and dismissals.

The logic of the second stage of reform does not conflict with the state social policy. There should be no weakening of social welfare. On the contrary, even more sensitivity and effectiveness should mark the welfare shield over veterans of work and struggle as well as people whom fate has rendered unable to make a living on their own.

In every plant and at every job, a relentless struggle for lower costs is necessary. This is crucial.

The more effective we are in that struggle, the milder will be the social consequences, also as regards prices, of what is necessary economically. As it is, many plants throw into the bag of costs all kinds of things, such as wastefulness, incompetence, bad maintenance of machinery, and effects of excess adminitrative apparatus. Costs also continue to be greatly increased by the high consumption of materials and energy involved in production.

Other factors in increasing costs include the excessive system of middlemen represented among others by some central agencies responsible for sales and supplies. The efficiency of the flow of fabricating and other materials "supplies" by these agencies does not improve, but costs continue to rise. The review of structures should put an end to this supply system, which amounts to parasitism.

The view has taken root that production costs illustrate production results but, as Professor Waclaw Wilczynski correctly observes, production results must not be regarded as the sum total, but rather the product of costs.

We have not fully exploited the opportunities presented by the plant wage system. Various ministries and the Ministry of Labor, Wages, and Social Affairs continued to thoughtlessly consent to launching new plant wage systems without checking on whether the basic conditions -- streamlining the norms and improving efficiency and effectiveness -- had been fulfilled. The chairman of the Supreme Chamber of Control raised an alarm in the Sejm long ago about the inflationary tendencies occurring during the initial stage of these systems' operation. Unfortunately, his warnings produced no significant results. It would be interesting to know how the comrades in those ministries can face their party and civic consciences in view of what they have done to create this situation.

At present, preparations for collective labor contracts are a good opportunity to sort out the wage problems. Wages should be "related" to the existing motivational systems and should be examined in all their aspects. The founding bodies will be evaluated by the honesty and reliability with which they do this sorting out. The Central Committee asks trade unions to commit themselves to this task with energy and wisdom.

The second stage of the reform will see the greater role of harmonious cooperation between the management, workers self-management council, and the factory trade unions.

The general manager must have full possibilities to fulfill his function, the sense of his responsibility, and at the same time, the sense of material, moral, prestige-related satisfaction from the effects of his work.

A good manager needs no artificial props from the founding body. Likewise, a competent and active self-management body will do without a "baby-sitter." As a joint master of the plant, he fulfills a function prescribed by law. We also count that, in tune with the trade union congress promises, the union will skillfully combine defense of worker interests with assisting plants to score economic successes. Party organizations' special duty is to inspire and strengthen this kind of cooperation in plants.

Comrades, during the public discussions prior to this plenum and during the plenum discussion many important issues were raised in connection with the development of plants, including such acute issues as the flow of fabricating materials, cooperation, countermeasures against monopolistic practices, and development of profitable exports. I think that the plenum resolution formulates the tasks in this connection with the necessary emphasis.

Party echelons and organizations should treat these issues with the necessary solicitude, consistently evaluate their solution, and hold party members that are active in economic and state administration responsible for this solution.

I will not expatiate on our most urgent and dramatic social problem -- housing construction. The promises contained in the government report are the right way to view this problem. Comrade Lyczak also spoke about this and illustrated with good examples that the problem can be solved. We are also familiar with the excellent experience of the Wloclawek combine and many other construction combines.

At this point I would like to recall once again that we must be most resolute in demanding that everywhere it is necessary to emulate the best construction results. This must not be left to one's discretion. This has to be a must, with all the resulting consequences in the case of a lack of response.

Restructuring is a question of strategic importance. It seems to me that the way it has been presented in the speeches reflects our common intention. The rest will depend on energy and boldness in implementation, both on the lower and upper levels. The party will resolutely advocate and demand such an approach. However, at this point I would like to dwell on a certain problem.

In the previous decade, when we relied heavily on foreign crediting, the chance for a thorough restructuring was left unused. There was too little caution, imagination, and practical conclusions from changes in the world economy, especially the oil crisis.

In the past decade, when we continued to use the plentiful foreign loans, we failed to exploit the opportunity to effect profound restructuring. We lacked prudence, imagination, and the ability to learn from the events in the world economy, especially the fuel crisis. If at that time we had committed the necessary resources to radically boost the production of modern boilers, insulating materials, meters to measure consumption of power, water, and heat, other equipment, and technological devices, we could have saved the enormous quantities of fuels, energy, and coal which we now need so urgently. [paragraph continues]

Comrades Hanf, Ney, and Janczewski spoke with great commitment about this. As a result, today we have to make bold decisions under much more difficult conditions to determine what should be done first and what should be abandoned in production and technology.

Scientific-Technological Progress Will Determine the Future [subhead]

It is common knowledge that scientific-technological progress will determine the future. This progress includes the "engineering of the intellect" as Professor Andrzej Wierzbicki said in his lecture for the managing party and state cadres.

Economic instruments must be conceived and sharpened and organizational structures improved in such a way as to provide definite incentives for creative activity toward better technologies, designs, products, inventions, and improvements. A lot has been done in that regard in recent years.

We have set up the Committee for Science and Technological Progress within the Council of Ministers and the Office for Scientific-Technological Progress and Production. Similar echelons attached to the Central Committee are also in operation. We expect further results of this work.

Why is it that we have such great hopes in this regard? In spite of various material institutions, Poland has an invaluable resource of excellent and gifted research personnel of the older and younger generation.

I would like to take this opportunity to cordially congratulate the newly elected leadership of the Polish Academy of Sciences and its president, Professor Jan Kostrzewski.

Back to the point: Our job is to provide favorable conditions for scientific-technical progress and, above all, stimulate the capacity for the application of new technologies. Unfortunately, many ingenious people must still force their way with their inventions, improvements, and concepts.

Taking care of such people is no favor we bestow; it is our duty. We must ensure with increasingly effective control checks that this duty is fulfilled. Every party committee and every local authority should know their local inventors, their most militant rationalizers, authors of original ideas, and the people with courage and initiative just as well as they know their own activists and functionaries, because the former are a golden asset of our country.

During the October session of the Sejm, Deputy Zygmunt Olbryt was correct in lashing out at various forms of passivity and even envy which delay the application of technological innovations. But we must realize that the modernization of our production base depends on the implementation of innovations. Investment programs in plants should be constructed with a sense of special responsibility for the true results of modernization.

A thorough review and verification of technology must become a helpful tool in this respect. So far, not much has been done in this matter. Planned activities may prove to be too narrow and superficial. Development programs of some enterprises envisage the introduction of techniques and technologies which, in fact, imitate backwardness. Simple experience suggests that it is frequently better to delay the replacement of a machine or installation for a year or two and introduce its new generation than to use an only slightly better model for years and years.

Products that are positively ugly and at times even of bad quality are another embarrassing problem. We see products that are ugly, drab, and unappetizing, and this in a country which can be proud of its industrial design traditions. Initial measures to change this were taken after the 10th congress, and we will return to them every now and then.

As Comrade Szalajda already said, it is the task of the government to create conditions to encourage plants to stress technological modernization and modern domestic production in their programs. These plants should also be granted the necessary subsidies and be given strong support.

Government work on the bills that provide for setting up small enterprises responsible for innovations should be completed as soon as possible so that the Sejm can turn the bill into law in the first months of 1987. It is also necessary to find out about the prospects of such enterprises and to prepare material and cadre conditions for rapidly putting them into operation as soon as the law is passed.

Setting up scientific-production centers is also an important task. The present regulations must be modified in such a way that the institutes that are members of these centers do not lose their legal individuality. The lack of such a modification is a brake on the operation of these centers.

This plenum has produced tasks for the government, science, and technology to accelerate progress and its practical application. We expect that engineers and technicians, who proved their commitment under the difficult conditions of the past 5-year period, will help promote this development.

At present, both organizers and architects of scientific and technological progress face the task of making widest possible use of possibilities provided by cooperation with the Soviet Union and other CEMA member-states. Our contribution, an offer submitted to the multilateral program of scientific and technological cooperation, must be materialized.

Great Attachment to CEMA Will Strengthen Our Economic Credibility [subhead]

For us, CEMA provides a substantial chance of development in practically all fields. The so-called Moscow summit last month mapped out new horizons. The meeting was marked by a friendly, collegial and businesslike, as well as constructive atmosphere. Gorbachev's ideas presented there were very interesting, substantial, and boldly reaching out into the future. We have made an essential exchange of views regarding both mutual cooperation and the situation worldwide.

While presenting Poland's stand, I expressed our decisive will to participate in streamlining integrational processes and also in acting for the cause of peace in Europe and the world. We were all at one on those matters.

The great "opening" of CEMA is a valuable aid for the process of systemic changes here and in other socialist countries.

Our government bodies will actively participate in rebuilding models and mechanisms of CEMA activities in order to unblock various red-tape restraints, increase advantages ensuing from specialization and cooperation, and deepen the socialist division of labor.

Polish-Soviet relations continue to assume an ideal character in many areas. We will use our experience of these relations in our cooperation with other countries of our community and will also apply it in the sphere of the superstructure. This will consolidate a political and psychological basis for economic, scientific, and technological ties.

A deep, advantageous, and firm position within the system will strengthen our economic credibility, thus making us more significant partners in relations with Western countries and international economic organizations. We must rationally and effectively use possibilities looming in this field.

The second stage of the reform will find a solid support in the review of organizational structures. Voices can be heard, especially of the working class, that this understanding may become limited only to enterprises. Nothing of the kind. In compliance with the 10th congress resolution, the review will be conducted at every level of political, state, and economic life.

Our people are greatly interested in a clear definition of the nature of the economic center and expect that its operational efficiency will be increased to an adequate extent to ensure that its structures are fully compatible with the assumptions of the economic reform and its second stage. The commission for reviews of organizational structures will submit specific proposals to this end. The Central Committee plenum will not pronounce in detail what this center should look like. This is the task for the commission in question, which will make the necessary expert analyses and have them examined in due course before presenting them for special consideration to the National Conference of Delegates.

However, the rejection of extremes is not a new idea. Ministers should primarily represent the state toward enterprises, and not the other way round. The Planning Commission must not be pushed from the position of a staff body of the Council of Ministers to that of current management. At the same time, the issue of responsibility for the lines and organization of common effort must be strengthened. The dull countering of charges that the "top" carries the characteristics of arrogance, formalism, and helplessness while the "bottom" that of idleness, cunning, and carelessness reflects the desire to seek the guilty ones outside oneself and one's own field of activity, outside one's own capacities. There is much to streamline at the top, at the bottom, and in the middle.

The second stage of the reform is an obligation for all levels. The principle: "More must be required from those who manage" must be binding. Conscious workers know well how much depends on themselves alone. They know how a demoralized minority of workers is able to lower the results achieved by the good majority.

However, there are many factors that contribute to the final effect of the work of a worker, brigade, or crew: There must be efficient machines, material supplies, good organization, care for working conditions, and an atmosphere of friendliness, order, and discipline. This is the main sense of the second stage of the reform in the workplace.

A key factor in streamlining the organization and collectivism of work is to popularize its brigade system. We have spoken of this many a time. Comrade Matwiejuk also spoke of this here in a most interesting way, but the number of brigades is still small. At the coming Central Committee plenum the Politburo will present an evaluation of the present results of the establishment of brigades in the areas of responsibility of ministries and voivodships. We will name all those ministries and voivodships in which the process of establishing brigades is slowest.

Authorities Will Not Tolerate Carelessness and Indifference [subhead]

An extremely important part of the review and -- more broadly speaking -- of permanent improvements of organization is the domain of immediate services for the population: Trade, transportation, municipal economy, housing, and health service. There are numerous cases of carelessness and soullessness which complicate and embitter life.

The woman who has lived in an unheated apartment for several years and who has been helpless against bureaucratic passivity is a downright shocking example of the indifference of officialdom. The most recent issue of RZECZYWISTOSC writes about this case in a report entitled "The Citizen Applies, But the Authorities Keep Mum."

Well, I can tell you that the authorities will not keep mum any longer! If the appropriate authorities fail to take immediate action to remedy this situation reliably, the responsible individuals will have to quit their posts.

Citizens, and most frequently housewives -- women who must cope with their occupational and house duties, who sometimes work in the three-shift system -- are most troubled by everyday hardships, standing in lines. They frequently, and rightly, complain that they often do their shopping without any choice at all. Most complaints are brought about by irregular supplies, wrong choice, and poor quality, even that of bread.

Perhaps not all, but certainly much, can be improved and streamlined in this respect without waiting for special decisions and reviews.

Plenum participants also spoke about the difficulties facing citizens who want to have their daily problems settled, who have to wait and wait for their turn in offices, and who keep on running from Peter to Paul to collect the necessary papers and signatures without which nothing can be done. Almost all our institutions continue to indulge in bureaucratic indifference and to persist in their bad habits. A team charged with reviewing the organizational arrangements under which people's business is handled will take care of these bad habits. The lessons gained will also be used to improve party work. We have been encouraged to do so by the fact that Comrades Leszek Miller and Alojzy Zielinski, first secretaries of voivodship committees, told us that it is necessary to eliminate superfluous paper work. It is good that field echelons also have their say, especially since we ourselves are not without blame.

I spoke of the exceptional harmfulness of untrue statistics at the voivodship report-election conference in Zielona Gora. Impermissible is the counting of paper apartments, totting up the effects of fictitious materials and energy economies, overstating production results, in a word, window-dressing for the sake of parochial objectives and short-term benefits. I said then that cases of fraud and deliberate distortions would be fought off by us with all severity.

Prosecutors all over the country have received appropriate recommendations and started implementing them. Regardless of that, the Supreme Chamber of Control took to task 120 persons, including 48 managers at various levels. Misdemeanour courts passed their verdicts in 21 cases involving 55 party members.

Intentional distortions of statistics did occur in the past as well, but as of today, all those who might just contemplate cooking up the data should know that there will be no forbearance for them! The appropriate bodies, especially government bodies, should ensure that this forbearance no longer exists.

The party knows that the economic problems it has to deal with include large problems of downright historic importance for Poland and the many daily problems that continue to harass our people. This plenum has provided clear directives for both these areas. On the one hand, it approved of the qualitative changes in the economy provided for by the second stage of economic reform and, on the other, it approved of the persevering efforts to eliminate wearisome difficulties, hardships, and even stupidities, which do occur from time to time. In both cases, it will be discipline, responsibility, and consistent activities that will decide.

We must end our tolerance toward those who always claim "teething troubles" as excuses for failures. Although these troubles were part of socialist Poland's historic achievements [as published] they cannot be used as pretexts to justify individual laxity, passivity, and idleness.

Laws, resolutions, plans, programs, and conferences are most important and necessary activities that help us to accomplish our tasks. They must never be used as pretexts for doing nothing and must never be regarded as ends in themselves. They are just the starting point of our tasks, which must be continued because if they are not, then everything is just a waste of time and energy. This is an important lesson, which we must always bear in mind, especially in our postplenum activities.

Solicitude for Proper Working Conditions Is the Necessary Condition for Good Economic Results [subhead]

Comrades, this plenum will be followed by a campaign involving explanations and consultations. The plenum reports and discussion have explained our socioeconomic interests quite clearly. We regard them as correct, but this is not enough. The point is that the workers class, the working people, and our society regard them as correct. The point is to strengthen the conviction that the strategy of the second stage of the economic reform is to achieve a radically higher quality of economic management so that in the final reckoning our society can reap benefits and prosperity.

The second stage of the reform provides opportunities for us, but it provides no guarantees for anything. Mechanisms will not operate by themselves. It is people who must operate them. That is why we need frank talks and consultations about the speed of future solutions, which will be an important stage of economic education for work forces and rank-and-file workers as well as for us -- the Central Committee, the government, the managing cadres, and all party and social aktivs.

We need fewer instructions, announcements, and pronouncements and more meaningful arguments, patient explanations, and tolerance toward the doubtful. Today these qualities are a must within the entire system of party influence.

A timetable will be drawn up for meetings between work forces, above all with the workers class, on the one hand and Central Committee departments, and ministries, on the other. Our mass media will report on these meetings faithfully and extensively.

The party continues to consider urgent and necessary the various forms of training required to study the goals of the reform's second stage. This training will include plant management, the central economic administration, and the economic workers in the party. The primary task is to verify the results of this training. The Central Committee Propaganda and Ideology Department will provide suitable lecturers and publicists.

Even Marx stressed the dual nature of our awareness, which is most susceptible to changes and most adverse to them all at the same time. That is why it is extremeley difficult to change one's way of thinking. This difficulty can be compared to the efforts of the Soviet comrades to change in a downright revolutionary manner the approach toward social and economic relations and toward man's awareness. Comrade Natorf made interesting remarks about this, and we completely agree. This is precisely the approach we need.

We are dealing with a special obstacle: habits of traditional and extensive thought that are deeply imprinted in the experiences of consciousness and in the imagination of several generations. To put it quite simply, we are dealing with conservatism. As Comrade Soldaczuk said so convincingly, these habits are present in every one of us to some degree.

That is why the essential task of our party, particularly of our theoreticians, is to provide the reform with the necessary ideological and mental equipment. The social sciences -- including in essence not only economics but the entire ideological front -- are still in debt vis-a-vis these complex tasks. Life generates fundamental demands for bold, but not excessively learned, truly Leninist research work and synthesis concerning the social and economic character of the reform and the dilemmas and contradictions connected with it.

An issue of particular importance from the ideological, class, and practical viewpoints is that of the socialist enterprise, the entire field of the enterprise's features, functions, and responsibilities.

Of course, the workplace is a production unit and not a social welfare one. However, under our system it must also serve as a place of constant concern about social relations, about the lives of the work force, the humanization of work, about the training of young cadres, and the promotion of a sense of collectivity. These functions do not conflict with one another. They comprise a unit and are completely inseparable. Better organization, a broader current of innovation, greater productivity and efficiency, and greater profits -- the more those are in evidence, the greater the likelihood that the enterprise will perform its social and cultural functions well. But the opposite is also true. Healthier relations between people, better education, and a greater concern about the social and cultural conditions of work are essential conditions for good economic performance.

Almost all of us refer to the necessity of reform. But when two people say the same thing, this does not always mean the same thing.

We will listen attentively to everything that is well-intentioned, that is rational, and serves not to divide but to unite society around the most important goals.

But we remember well those "reformers" who sought to reform the Polish economy by way of disruptive strikes and the disorganization of life. We remember how they then sought reform by bandying about the slogan "work like a tortoise," and how they practiced reform by encouraging the West to impose sanctions.

And we know how they seek reform today by proclaiming visions of catastrophe, visions whose sense tends objectively in the direction of paralying social energy and creates a mood of pessimism and hopelessness.

This kind of reformism is not the kind that we need, not the kind that Poland needs.

And as for their belief in impending catastrophe, my generation and many of those present in this hall remember well the ominous announcement that they would never rebuild Warsaw, not even in 100 years, and that "they" will never succeed in managing the recovered territories. A few years ago, it was prophesied that "they" would never usher in reform.

History has clearly shown how much these pseudo-prophesies were worth. It will not be any different this time. What matters is that they mislead as few people as possible, succeed in inclining as few as possible to barren pessimism and despondency.

A correct cadre policy is a fundamental tool for attaining the goals described today.

The Party, State, and Social Systems of Control Must Be Coordinated [subhead]

Allow me to cite a wise Hindu aphorism: "When planning for next year -- cultivate crops. When planning for ten years from now -- plant a tree. When planning for a lifetime -- improve people."

We have done much. At the 13th plenum our party adopted a new approach that serves as a precedent in defining the criteria employed in evaluating performance, in awarding promotions, in decision-making processes, and in creating reserves, reviews, and competitions.

There have been many positive changes. A majority of cadres are the right people in the right places. They deserve confidence and respect. They have passed and continue to pass a difficult test. But this still is not the state of affairs everywhere. The party's cadres policy is correct, but the way in which it is being implemented differs considerably. So-called connections and various forms of cronyism have not been fully extirpated. Social criticism in this matter is expressed by the scathing saying "whose bandwagon have you jumped onto?" Many have fallen off in recent years, but there continues to be no shortage of those who want to hop on or, as the saying goes, "find a foothold."

Over the past two years, the names of quite a number of directors, managers, and presidents have turned up in the reports of social and occupational control organs. Their "merits" are not limited to the tangible consequences of mismanagement and abuses attributable to a lack of supervision, negligence, and indolence. These "merits" should include the losses caused by a failure to exploit opportunities for progress, rationalization, conservation, the better use of skills and material and technical resources, and, above all, the losses attributable to wasting human energy, zeal, and initiative.

Poor quality is not limited to consumer goods such as shoes. Often, poor quality is also present in a badly drawn up program, the poor implementation of investment projects, an outdated plan that is already on the draughtsman's board. And those who are responsible for millions of such shoddy goods often remain anonymous. I ask Comrade Wlodzimierz Mokrzyszczak and the Central Control and Auditing Commission to devote particular attention to these matters.

It is important that suggestions concern not only those who are directly responsible for shortcomings, but reveal the entire "pyramid" of responsibility, that is, both superiors and internal control organs that have not discharged their duties and all sorts of people who provide protection, "advocates" at all levels, including those in party echelons.

In view of this, we are considering restoring to the Supreme Control Chamber the power to impose financial penalties that would be paid out of the pockets of those responsible for particularly flagrant instances of neglect.

The Politburo decision on the coordination of party, state, departmental, internal, and social control systems will shortly be implemented. The aim of this will be to prevent the duplication of activities and to strengthen the implementation of suggestions and recommendations following controls.

We highly value the work of the Worker-Peasant Inspectorate. It is simply quite shameful that socially active workers expose negligence in the discharging of elementary duties on the part of people who perform managerial functions. Conclusions that emerge from these controls should be harsher. This is an expression of respect for the Worker-Peasant Inspectorate and an acknowledgement of the selfless service performed by its people.

This also applies to the realization of the beautiful idea of cooperative activity, the development and strengthening of which stems from the essence of socialist renewal. This direction will be maintained. At the same time, it should be stressed that during the years 1985-86, 2,127 controls were conducted and revealed that 237 economic improprieties had been committed in cooperatives and that there were as many 1,292 instances of financial irregularities.

There is no lack of names of people who enjoy the approval of our echelons in the suggestions made following controls. We expect a more resolute response from comrades.

Cooperative activity encompasses a large area of the economy and of trade and services connected with satisfying man's everyday needs. Thus, these areas are important and sensitive. We will have to exact better performance of duties from party members who are members of various cooperative bodies. We call on the ZSL and the SD to undertake joint activity in these matters.

We expect Central Committee departments and government cells to take more effective counteraction against watering down and formalizing cadre reviews and against removing them from what is of the greatest importance, the tangible and concrete results of activities. These reviews, combined with a review of organizational structures at all levels, should create better conditions for objectivity in both the instruments concerned.

Cadre reviews ought to be penetrating vis-a-vis cadre departments and services. Much depends on them. To work in a new way is more a matter of studying the results of people's work than studying forms. It is a question of taking into account actual intentions and attitudes, and of resolutely counting on those who are ambitious, creative, and progressive.

At many accountability and election conferences there were calls for a more thorough analysis of signals and complaints concerning managerial cadres, for reaching conclusions from post-control materials, for more frequent use of the withdrawal of recommendations, and for preventing people who have been dismissed from posts from finding a place on the cadres carousel.

There is unity in philosophy and there must be unity in practice. The director, chief, and president who advance progress that produces results -- and there are many such people -- should be supported, appropriately rewarded, and receive recognition. But the person who stands still, chooses the line of least resistance, and hides behind the backs of other people ought not to be protected, even if he is a so-called activist.

The results that are achieved under the same or very similar conditions often differ greatly. Enterprises, centers, and institutions whose performance is above average ought to become the natural source of cadres for appointments to weak and neglected sectors. An appropriate mechanism needs to be prepared and put into operation.

Unfortunately, it is true that we have always responded with greater speed when things were hot, but now passivity, laxity, and liberalism are beginning to assert themselves. Admitting this self-critically, I expect that the Central Committee will tighten its policy on matters for which the central authorities are responsible and will be more severe in dealing with the party and state echelons' tendency to avoid responsibility and to promote false tolerance.

However, on the other hand, we must stress that control checks amount not only to uncovering mistakes; to fulfill their task these checks must seek to uncover the best possible performers, to propagate positive examples and original solutions, to promote all that educates, and to mobilize people for action. We have had too little of all that so far. All party members must learn how to view the essence of control checks.

The public continues to demand that we eliminate the ills that hinder progress and poison the atmosphere. Ills and crimes occur in every society, and in the capitalist countries they are, as a rule, much more acute than in Poland. However, this should not lull and immobilize us because, in our country, ills and crimes are a painful phenomenon, one that is in conflict with the political principles of socialism.

There is no doubt that economic difficulties, especially shortages of goods, help nourish profiteering, currency speculation, and economic crimes, but improvements in the economic situation and the balanced flow of consumer goods will continue to reduce the range of these ills. On the other hand, various pathological ills, especially alcoholism, continue to demoralize people, disorganize our lives, create large material losses, and disrupt the country's development.

As you can see, economic problems are closely related to social problems and to the struggle to ensure that man is able to live in clean conditions, to be respected, to be assured of security, and to know that everyone observes the laws, which are the same for all. These tasks are nothing seasonal. We will get down to them with new energy in 1987.

To Ensure Promotion for the Best Personnel [subhead]

The professional and service promotion of nonparty cadres must be given better chances. The meetings of the PRON National Council and of the Consultative Council were right in raising this issue, and that is why we must be quite clear about the fact that our approach to this matter must be changed.

Party members account for over 90 percent of the managing personnel at the central level and for about 80 percent at the national level. This fact is justified to a great extent. After all, most party members are militant people who want to lead. We have in the party many magnificent and dedicated comrades. However, the present situation is not conducive to ensuring, the optional employment of our people's cadre potential. This situation creates the bad impression that the party card makes it easier for one to get promotion and to gain extra concessions, encourages sycophant careerist attitudes, and attracts to the party the people who are merely nominal party members. We know only too well the results of all this. We do not care for statistics. We care for quality.

Party interests in cadre policy do not amount to filling all state and economic jobs with party members by force. Filling all posts with party members would amount to selfishness and would weaken the party's leading role.

Our duty is to exploit all the constructive and prosocialist forces that the party can influence in a suitable manner. We must expand the field of our activity and ensure promotion for those who really are the best people, no matter what their affiliation. It was with this conviction that I argued at a recent meeting of the PRON National Council that PRON should select and recommend the best candidates -- particularly nonparty people -- for the various posts in the state and economic echelons and in public services.

A new approach to economic issues means that we will have a great need for the young generation's initiatives and militancy and that we will have to be bolder in putting young people into leading posts.

The average age of state plant managers is high and amounts to 49 years. Of course, we do not want to rejuvenate our cadres in an artificial manner. Greatly experienced people are most valuable, but they are even more valuable if they are supported by the energy of young people.

The development potential of the 30-year-olds must be exploited more extensively. In Tarnow Voivodship every third manager at voivodships level is below 35, but in Wroclaw every 12th. This tells the tale.

Comrades, the coxswain cannot do the job of the entire crew, and the party does not wish to have exclusive rights to initiatives and ideas. It does not intend to have the monopoly in expressing views. On the contrary, what is important for us is what one says, criticizes, and proposes, and not who one is. The more views, initiatives, and proposals we have showing concern for our country and the wider the extent of civil participation, the better this is for our people and for socialist Poland.

It is the duty of the party to create conditions encouraging such views and initiatives and to implement them. This relates directly to the subject of our plenum. In fact, all the issues of our national economy are closely related to the state of social awareness and moods and to efforts to extend national agreement.

It is with pleasure that we continue to note great progress in this regard, but we will never rest on our laurels, because that which amounts to the travel from one fixed point to another is no progress. What we must always do is to create and test newer and newer forms and platforms that make it easier to unite the social and patriotic energy of all our people.

Another confirmation of this was the recent inaugural Belweder meeting at which the Consultative Council was set up in line with the 10th congress decision.

We should praise the people who, despite different views and positions, lasting injuries and doubts, and various forms of pressure exerted by their communities, were able to rise above the existing differences and to confirm that concern for our fatherland's welfare is and will be an overriding consideration.

The Council is an open body, although I do not think that it should become a discussion club, visited by casual people from time to time in order to make a showy statement. Poland's problems are serious matters and must be discussed with all seriousness to create and consolidate the consensus of patriotic initiative and responsibility.

We hope that 1987 will see further progress in expanding the fields of sensible and socially effective dialogue and responsibility. This is the key issue for all Poles. Of special significance will be the Second PRON Congress, which will sum up achievements and map out new tasks in favor of national agreement.

We Praise Effective Actions and Not Just Intentions [subhead]

Comrades, our great campaigns and daily efforts have produced more knowledge and experience for our party in this ending year. Our party has gained strength and has acquired many new comrades, especially young ones.

At the 10th congress the party presented a long-term program for socialist Poland's development to the workers class and all the people. Our 2-day debates turned around specific details of the extremely important economic aspects of this program.

This was a creative and critical plenum. No doubt our adversaries will attack the negative facts and evaluations presented here and will say: "Look how weak and diseased they are."

However, this is where these adversaries are profoundly mistaken. The better we see our defects and ills, the more severely we condemn them, and the more efficiently we eliminate them, the less room there will be for antisocialist speculations. Laying bare and eliminating whatever lowers our results and hinders progress is not our weakness; it is our strength.

This also applies to the economic reform. We have had various difficulties in implementing it, and our debates here will not be able to eliminate them overnight. We are not magicians. The situation will not change overnight. The great importance of this plenum consists in the fact that it must trigger more intensive and wider efforts to identity all our weaknesses, reserves, and potentials. We have made the necessary changes in this regard and we will implement them with all energy.

There is no other way out. There is no room for us to retreat. If we retreat we will sink into stagnancy and backwardness; no reasonable and patriotic Pole can agree to that.

We ended the 10th congress with a kind of appeal and directive for consistent efforts, efficiency, and discipline in implementing our tasks. I think that we should also add "responsibility" to these terms. Briefly, all this should denote that everyone does what is his duty and does it well and punctually. This is how we evaluate everyone.

Our people expect specific results and evaluate us for our efficiency and effectiveness in implementing our decisions and for our intentions, plans, and the number of meetings and approaches. Our people expect us to take effective action against all kinds of incompetence and slow and ponderous response. They expect things to move ahead.

We will dedicate the fourth Central Committee plenum to a comprehensive review of the activities and tasks of the primary party organizations. In the present situation, the main task of these organizations should be to exploit and implement in practice the decisions of this plenum. This is very important because we want to open the next plenum by presenting the real achievements of these organizations as regards those decisions.

We will not be lacking perseverance. I propose that as of today and, until further notice, the Politburo should listen once a month to necessary reports, should evaluate the implementation of the second stage of the economic reform, and, if necessary, should make effective decisions to tighten the activities of the second stage. The Central Committee should also make comprehensive evaluations of the implementation of the third plenum directives and should do this during its last annual plenum, which is usually devoted to economic matters.

This year is ending. It has been a difficult year, but one that has produced benefits and has evidenced the great efforts of our party and its members and echelons.

At this point, I wish to offer my cordial thanks to all comrades and party members for their honest efforts and social militancy as well as for their selfless work in the service of the workers class and the people. May you score good and satisfying achievements in your work to promote the prosperity of our people and our socialist fatherland. The coming year will be as good as we will make it through our ideas, work, and the effective use of all our trump cards and opportunities, of which there are an abundance.

The creative and concerted militancy of all of us and all our people will be the primary factor in determining whether the coming year is good, favorable, and productive for Poland. I am profoundly convinced that 1987 will be just such a year. I hope you share my conviction.

GLEMP ACCUSES POLISH AUTHORITIES ON PAPAL VISIT

Jaruzelski To Meet With Pope

LD081546 Vatican City International Service in English 1445 GMT 8 Jan 87

[Text] From Warsaw, Poland, the Polish primate, Cardinal Jozef Glemp, has accused communist authorities in Poland of undermining efforts to create a favorable atmosphere for the forthcoming papal visit this year. Cardinal Glemp was speaking at a mass on the feast of the Epiphany in St John's Cathedral in Warsaw. He said there were irritating controversies with the government in the fields of religious and social life.

Also on Tuesday, the Polish Government spokesman, Jerzy Urban, spoke at a press conference about the meeting between General Wojciech Jaruzelski and Pope John-Paul, which is to take place during the Polish leader's visit to Italy next week. He said talks between the two would be difficult given the importance of the things they would have to discuss.

Glemp's 6 Jan Homily

LD090012 Vatican City International Service in Polish 1515 GMT 8 Jan 87

[Text] On the feast of the Epiphany, 6 January, Cardinal Jozef Glemp, the primate of Poland, delivered a homily in the Cathedral of St John the Baptist in Warsaw. In it he pointed out an analogy between the way of the wise men traveling by the light of nations and the way of human generations who constantly seek salvation in peace and justice. On the route to these values -- the eternal and earthly ones -- are also the whole Polish nation and the church of Poland. Our road to justice and peace, however, is not free of anxieties and difficulties.

How often the people today, said the primate, ask representatives of the church, what is the situation? Will things get better? What are our prospects? Will we be able to be ourselves? These questions, concerning existence, do not arise from faint hearts but from the external desire for justice and peace. Such questions become even more relevant with the approach of the arrival of the Holy Father in his and our fatherland. The arrival of the Holy Father in any country is an event which is of interest not only to the church but also to the whole world. This applies even more to Poland. This is not just a visit; it is and should be a communal experience of goodness and peace that will open a new stage of drawing on the permanent national values. It is right to say that what is needed is jointly to create a national climate, a social climate which, while encouraging feelings of sincere hospitality, would also encourage agreement by the opposing groups for the common good of the fatherland. This is a justified assumption which deserves all possible support.

The creation of a climate, however, is understood somewhat differently by the state authorities and the church. This is understandable, as there is a division between the church and state and the areas of work of the church and state differ too, although they frequently complement each other. Hence the believers' questions about the state of relations between the church and state are justifiable and urgent, but it is not easy to describe them clearly because they are developing constantly.

If church-state relations are to be measured by messages from the Office of Religious Affairs to spiritual authorities which disclose a strong element of [words indistinct], then they have to be described as poor.

If one reads half-truths in articles about the incomes of parish priests that do not mention that the parish priest, being in charge of the parish, has to pay the vicars, religious teachers, organ player, grave digger, domestic help, insurance and upkeep on buildings, and so on, and that beginning this year he will have to pay insurance contributions on the pay of church employees of not 33, but no less than 43 percent, then such an article is provocative and is not conducive to creating an appropriate atmosphere. If associations of priests are created under the auspices of state authorities without prior agreement by the church authorities without prior agreement by the church authorities, and if the priests are made dependent on the state authorities by various techniques of flattery, thus returning to some very bad experiences of the past, then this also does not serve the cause of constructing a good climate among the believers.

If young people are subjected to an isolationist upbringing because of the view that the church has not right to show interest in their beliefs and, apart from this, if young people are presented, in such a closed upbringing, with the false vies that the church is an avaricious institution and greedy for influence, then this not only makes remote the climate that would encourage understanding but also forms principles that make the reaching of such an understanding doubtful.

Further in his homily the primate stated, nevertheless, that there is still no shortage in Poland of decent-thinking people who responsibly look toward the future. It is these people who, rather than recite the ready-made instructions, attempt at great pains -- to uncover the truth in events as they unfolded. They also attempt to get to know the church from its mysterious interior -- mysterious, because it is rooted in God -- and the reality which permeates the earthly existence of people. There are people who see that difficult matters can only be resolved by honest dialogue and not by orders. Such a dialogue means looking at difficult issues starting not from bias and myths, but from real causes and a realization of the full complexity of the issues.

In these times, difficult for our fatherland, said the primate, what is needed is collective wisdom. The church, rich with the experience of many centuries, wishes to provide such wisdom, the wisdom it draws from it faith in Jesus Christ who constantly reveals the good news to the world. The church also realizes that it can be disliked and unwanted and that it symbolizes the opposition, but it does not follow from this that the church must attempt to be liked by the world and be compliant toward the mighty of this world at any price.

Cardinal Glemp recalled the considerable material assistance received by our nation through the church during the last few years of crisis. This is, however, a secondary issue in relation to the spiritual aspirations which the church always attempted to realized in order to generate love in measures with the love shown to us by Christ. This is also the goal of preparations of all of us for the coming eucharistic congress.

PAP SUMMARIZES FINANCE MINISTRY REPORT ON PRICES

LD090000 Warsaw PAP in English 2123 GMT 8 Jan 87

[Text] Warsaw, Jan. 8 -- Following is a summary of a report by the Finance Ministry on the instruments of the price policy in 1987, which points out that fully application of the economic reform programme requires giving the prices the character of genuine economic parameter.

This is to facilitated by:

-- departure from the cost-plus formula of prices in favour of more closely tying the domestic prices to world market prices (this chiefly applies to materials and components) and wider use of contractual prices which take account of the conditions on the domestic market.

-- curtail subsidizing of goods production and services.

-- reduction state influence on contractual prices and changed forms of that influence to curb tying price level and changes to the level and changes of costs of an individual producer.

-- increase of such elements of state influence on prices, which seeks to stimulate better product quality, stability of contractural links between suppliers and buyers, better use of recycled materials, and so on.

Close relations of the domestic to world prices is best facilitated by wider use of foreign trade prices (expressed in zloty at the official rate of exchange) in import and export of goods.

The list of goods and services to have official prices, passed by the parliament, has been amended for 1987 to open the way for still wider use of foreign trade prices in imports of basic materials and components.

Deletions from the list include synthetic fibres, imported wool, cotton, rubber, phosphorites and apatites, metal ores (except iron ore), and imported iron and steel products as well as imported non-ferrous metal products, which means that settlement for imports into Poland of those items will be done according to foreign trade prices.

A number of Polish-made materials and components have also been dropped from the list: sulphur and sulphuric acid, cement, sawmill timber and sawn timber will all be priced with contractual prices this year.

But this is not to say that in the above mentioned instances prices would be set quite freely with no state influence at all, since indices of maximum permissible increases of contractual prices in 1987 have been set for all the Polish-made materials and components dropped from the list of goods to have official prices.

However, contractual prices cause considerable changes in the working of the companies. It can be best seen on the example of cement production.

Production costs vary considerably in different cement plants and some 94 per cent of all cement manufacture in Poland are estimated to be profitable at contractual prices staying within the 1987 official price rise index.

But the cost of the remaining six per cent cannot be squeezed inside this index, which means that rigorous application of the price hike index to these producers would push them soon into bankruptcy.

So it has been proposed to let them sell their produce at higher prices than indicated by the price rise index for as long as they find buyers willing to pay more. If they cease to have demand for more expensive production, the market mechanism will naturally eliminate the ineffective producers.

The list of foods placed on the official prices table has also been curtailed, though in a lesser measure than materials and components.

Prices of pluck have been changed from official to contractual ones (following the lifting of their rationing) as were the prices of cream, lump, powdered and refined sugar (that is, all kinds of sugar except for white granulated sugar which is the basic kind in market supply), rice, imported cheese, tea of the "Assam" brand, matches and imported spirits and tobacco.

These goods are not of basic significance for household maintenance costs and the share of money spent for their purchase is not large in the general family budget. The transfer of prices for pluck products produced by meat plants from officially regulated to contractual ones increases interest in expanding production and improving its quality. State meat plants must take into account the competition from other economic units and private plant producing meat.

Retail prices for edible potatoes have been changed from official prices to contractual ones but official prices are still used in their procurement. This means that these prices should be determined with consideration given to market conditions. There is full equlibrium between the supply and demand on the potatoe market and this should lower the costs of commodity turnover and force prices to be determined on competative levels.

AUDIT COMMISSION APPOINTS ADVISERS, ACTIVISTS

LD080041 Warsaw PAP in English 2300 GMT 7 Jan 87

[Text] Warsaw, Jan 7 -- The Presidium of the PUWP Central Control and Audit Commission (CCAC) appointed advisers to its chairman and social activists of the commission.

The activists' task will be to take part in the commission's problem research and to render help and advice in preparing analyses of the adjudicating and controlling activity in the party.

The activists will also help interpret and generalize results of studies carried out by the commission, particularly those concerning issues of vital significance for the party work in various social and professional milieux. The persons appointed as social activists will also take part, as the need arises, in control, studies and explanations conducted by the CCAC.

The group of advisers to the chairman of the PUWP CCAC numbers 21 persons representing worker, economic, scientific and creative milieux. The group of activists of the PUWP CCAC numbers 33 persons also from various professional and social milieux.

PAYMENT RESCHEDULING PLANS SIGNED WITH ITALY

LD070210 Warsaw PAP in English 2025 GMT 7 Jan 87

[Text] Rome, Jan 7 -- Today, the Bank Handlowy S.A. signed here three executive agreements to the Polish-Italian government accord on re-scheduling payments due to Italy in 1982-1984. On the Italian side the agreement was signed by Chairman of the Bank of IMI (Instituto Mobiliare Italiano) Luigi Arcuti and on the Polish side by Chairman of the Board of the Bank Handlowy Tadeusz Barlowski. Commenting on these agreements, Barlowski quoted his partner Mr. Arcuti as saying: "I think the agreements create advantageous conditions to broaden credit cooperation between Poland and Italy. We take particular interest in financing concrete investment ventures. The Italian side takes interest in continuing traditionally good financial cooperation with Poland, lasting over 20 years now." Barlowski added that in fact Arcuti's statement means that for us there now emerge chances to selectively undertake definite investment ventures with a view to developing exports and economic cooperation with Italians.

BRIEFS

MEETING ON AIDS -- Warsaw, Jan 5 -- Current issues involved in the diagnosis and prevention of AIDS (Acquired Immune Deficiency Syndrome) were discussed at a meeting here today of the national epidemiology, hygiene and contagious diseases group and the voivodship (regional) sanitary inspectors. The AIDS situation in Poland has not changed since last autumn when the country had 21 registered carriers of AIDS antibodies and had recorded one death from AIDS, of a man who had been brought into Poland in the state of agony and died after a few days. Nevertheless, proper preventive measures are necessary, the meeting said, singling out general improvement of the country's sanitary standard as one of the chief preventive efforts. Greatest importance for AIDS prevention stays with blood tests aimed to eliminate the risk of contagion by blood transfusion, and the meeting said it was likely that enough foreign currency for the test materials could be obtained this year to cover all the blood used by Polish doctors. [Text] [Warsaw PAP in English 1811 GMT 5 Jan 87 LD]

WRITERS AGREEMENT WITH USSR -- An agreement has been signed in Warsaw between the Polish Writers' Union and the Union of Soviet Writers for 1987. It envisages the multifaceted development of contacts between both creative organizations. Among other things, a group of young writers from the Soviet Union will participate in the days of Soviet literature organized on the occasion of the 70th anniversary of the October Revolution. Writers from the land of the Soviets will be participants in symposia and meetings organized to mark the 40th anniversary of the Ministry of National Defense Publishing House [wydawnictwo mon]. Seventy-seven Polish writers visiting the Soviet Union will familiarize themselves with the culture, traditions, and everyday life of republics from the Baltic to the Far East. [Text] [Warsaw Television Service in Polish 1830 GMT 7 Jan 87 LD]

KRSKO NUCLEAR POWER PLANT SHUT DOWN AGAIN

AU091156 Vienna ORF Teletext in German 1147 GMT 9 Jan 87

[Text] Ljubljana -- Yugoslavia's only nuclear power plant, in Krsko near the Slovene-Croatian border, was shut down yesterday evening for the second time since mid-November 1986. Official sources today said that the reason for this measure was a defect in the turbine system. As a consequence, electricity must be imported from Italy, it was stated. On 17 November 1986 a defect in the cooling system was the reason for shutting down the plant.

MIKULIC EXPLAINS ECONOMIC STABILIZATION PROGRAM

LD082116 Belgrade TANJUG Domestic Service in Serbo-Croatian 1037 GMT 8 Jan 87

[Excerpts] Belgrade, 8 Jan (TANJUG) -- In implementing the Long-Term Economic Stabilization Program we have paid particular attention to, among other things, investment by foreign citizens and firms in Yugoslav organizations of associated labor and also to investment by our citizens temporarily employed abroad in either organizations of associated labor or in the development of the country's small businesses. This is how Branko Mikulic, president of the FEC, opened the first in a series of planned meetings with Yugoslav citizens living and working abroad. At the same time, he invited them to put forward their opinions, proposals, and remarks primarily relating to the prospects for developing small businesses. The meeting with 20 Yugoslav citizens running successful businesses in the FRG, Austria, France, Switzerland, and Sweden was also attended by Ivo Vrandecic, president of the SFRY Assembly, and a number of federal, republican, and provincial officials, as well as Yugoslav ambassadors in the FRG, Austria, France, and Sweden.

In the course of drawing up the Long-Term Economic Stabilization Program -- Mikulic stressed in his introductory address -- we came to two conclusions, in addition to a great number of others, which are of particular importance for the topic under discussion here.

The first of these conclusions was that the absence of economic criteria in our economic activity, of economic incentives to achieve better results in business, and of the responsibility of economic collectives for their decisions and results, as well as the state's excessive interference in regulating economic trends were among the main causes behind our economic difficulties.

Proceeding from this conclusion, it was agreed that we resolutely must put an end to that kind of economic activity and, at the same time, create an economic situation where the position of every economic subject and every individual depends on the production and business results achieved, depending on the manner of work and business efficiency.

The second conclusion, according to Mikulic, was that in the preceding period we pursued a rather one-sided policy of the country's development, aimed above all at constructing large and predominantly industrial capacities while neglecting small businesses, agriculture, and the sector of the population whose personal savings made up about one-third of the total sources of the country's gross accumulation. Such a development has resulted in major structural disproportions in the economy, underused labor and production resources, and a pace of development slower than is realistically possible. As a result, instead of being diverted toward developing small businesses and agriculture, and resolving people's housing problems, considerable funds were spent on personal consumption, on expensive holiday cottages, expensive cars, luxury goods, expensive trips abroad, and the like.

The FEC president went on to explain the nature of the systematic laws that made it possible to carry out significant changes in the economic system at the end of last year. He drew attention to the sections of the laws providing for promotion of the role of market and economic regulations, and the introduction of realistic economic categories (the realistic exchange of the dinar, real interest rate, real depreciation rate, real accumulation, real personal incomes). This means that the expenditure items invested in manufacturing a specific commodity and creating income will be treated in a realistic way, that is, corresponding to their actual value determined by market competition and economic incentives. This will also be the basis on which relations between economic subjects in the market will be established. The entire social superstructure will have to share the fate of the income generated in this way.

Emphasis has also been placed, Mikulic underscored, on the economic independence of economic organizations and their responsibilities, while in the coming period the role of the state will be limited to creating general conditions of importance for economic activity, for the functioning of the unified Yugoslav market, and for implementation of the adopted development policy. By the same token, the terms of economic activity to which economic organizations in the social sector must adhere will have to be compiled with by manufacturing and service units in the private sector, regardless of whether they carry out their economic business independently or in cooperation with the social sector. This will have the same relevance in the course of the free formation of prices according to demand, or as regards the treatment in the area of credit-monetary policy, customs duty policy, allocation of foreign currency for importing necessary equipment, and spare parts and reproduction material.

In other words, Mikulic continued, Yugoslav society has opted for a more comprehensive and dynamic development of small businesses. This is not an issue concerning short-term needs; this must remain a lasting orientation and an integral part of Yugoslavia's future development. The difficulties confronting us to the present time also have helped us rid ourselves of the dogmas and disillusions which hampered the development of small businesses as a whole and in the private sector, in particular. We are aware that there are bigots and people who, by misusing their positions in the state and political apparatus, hamper the development of small businesses in the private sector, that there is corruption and even criminal behavior and unjustified suspicion of our workers temporarily employed abroad who have earned their money through their own labor and who want to invest it in the manufacturing sector in the country. We are treating this very seriously and will devote our attention to it.

Mikulic also drew attention to the experiences of the highly developed countries where major industrial firms are surrounded by, as he put it, entire galaxies of small businesses. For instance, in the FRG, for every three people employed in industry there is one worker employed in the small business sector. In Japan, as much as 50 percent of the employed population works in the small business sector. In the United States, 60 percent of new jobs is in the manufacturing and service units employing under 20 people.

Our country possesses great untapped potential and comparative advantages for developing small businesses in, for instance, tourism, agriculture, the development of manufacturing and handicraft trades sectors, service industry, etc., Mikulic said. For this reason, we have decided to view the development of small manufacturing and service capacities as one of the priority tasks of our developent policy, to stimulate this development by economic policy measures, and to afford small businesses a corresponding treatment in our economic-systemic solutions.

We proceed, Mikulic specified, from the view that small businesses should become one of the more significant generators in the country's development, and an instrument for attracting people's savings, including foreign currency savings by our workers and citizens temporarily employed abroad, which means using this considerable potential for developing production and realizing our development goals. To achieve this, we have decided to provide more scope for carrying out the initiatives put forward by the working people and citizens who see their opportunity for work and for the future in private small business employment or in cooperation with the social sector, which will enable them to lead a respectable life.

Mikulic went on to stress that a strategy of the country's technological development would be adopted shortly and made special reference to the development of electronics and computer technology, the two areas which could become very attractive for many of our experts engaged in this kind of manufacturing and development abroad. He noted that in the 1981-85 period, certain results were achieved in developing small businesses (for instance, the number of privately-owned shops increased by 28 percent and the number of people employed in them rose by 36 percent). However, the existing potential for the development of small businesses has been exploited.

Taking this assessement as his point of departure, Mikulic noted that in May of last year we passed two laws: one on using funds owned by the citizens to expand the material basis of organizations of associated labor; and the law providing for the terms of writing off the value of working and fixed assets that were no longer used. The first law made it possible for our workers temporarily employed abroad to find, on return, employment in organizations of associated labor in the social sector. It also created the conditions for more firmly pooling associated and personal labor and for acquiring a part of the funds needed for expanding the material basis of associated labor. Under the second law, organizations of associated labor are obliged to allow interested private firms and persons to buy their fixed and working asets which are out of use. This will provide the scope for transferring these assets to small businesses in the social and private sectors, thus increasing production and employment without new investments.

A number of by-laws and regulations passed last year raised the limit to which Yugoslav citizens temporarily employed abroad are allowed to import equipment without having to pay customs duties. In addition, customs procedures have also been simplified.

I want to remind you, Mikulic said, that at the end of 1985 a law was passed providing for terms of granting and using investment credits and guarantees. Under these terms, small businesses are granted more favorable treatment with regard to the size of the deposits which they must provide before the banks grant them investment credits. In other words, lower deposit rates have been secured for small businesses. This also applies to other types of economic activity which are given priority in our development.

We are in the process of discussing and adopting an agreement on regulating the terms and methods of carrying out economic activities when using personal labor, assets owned by citizens, employing contracted organizations of associated labor, and pooling into cooperatives. The agreement will shortly be signed by the republics and provinces. This document, according to Mikulic, is expected to regulate the conditions for carrying out economic activity in the small businesses sector and the conditions for opening shops by different organizational forms of small businesses. Both the terms and procedure for acquiring necessary work permits have been considerably simplified and relaxed. It is expected that, upon receiving a citizen's request for a permit to open a manufacturing unit or a shop, the relevant administrative organ is duty-bound to draw the citizen's attention to possible mistakes and shortcomings in the submitted documents and is either to issue the work permit or to refuse it.

Failing this, the citizen can assume that the permit has been approved. In addition, the number of required documents has also been reduced considerably.

We also have increased the scope for carrying out economic activities in the small businesses sector with regard to both the use of technical and working capacities (the possibility of employing 10 persons in all small business sectors and an unlimited number in contracted organizations), and with regard to the number and types of activities.

These new features in the regulations, Mikulic noted, provide for more favorable conditions for the development of small businesses and ensure uniform terms of economic activity in this sphere of work for the entire country. In this way, we shall eliminate many problems and justified criticism stemming from the different ways in which individual republics and provinces regulated these issues, and from different and often dogmatic individual conduct in the state apparatus, and their interpretations of these regulations.

Other measures also under consideration are designed to stimulate the development of small businesses, Mikulic added. They include measures of tax policy aimed at achieving a more uniform system of taxing small businesses throughout the country, adjusting the amount appropriated from the total income of manufacturing and service units for tax purposes to the economic strength of these subjects and diverting revenues thus collected toward further developing small businesses, and bringing into line contributions paid by this sector with the contributions by the social sector, thus avoiding differing and prohibitive tax policies in different municipalities. We shall reexamine shortly the import restrictions on equipment not manufactured at home for which our workers temporarily employed abroad would not have to pay customs duty if it is established that the equipment would facilitate the further development of small businesses.

We also shall examine the ways of encouraging commercial banks to give a more powerful stimulus to the development of small business and the housing construction industry through their credit policy and on the basis of citizens' dinar and foreign currency savings. At the same time we pursue a policy of real interest rates on dinar savings, we shall introduce measures for stimulating, on a selective basis, foreign currency savings by our workers temporarily employed abroad (depending on the purpose, the length of time for which savings are deposited, and the size of the savings).

In drawing up the changes in the Constitution, the EEC proposed and the Presidency approved an initiative for expanding the possibility of putting the resources of citizens (financial resources, equipment and spare parts, land, forests, plantations, appliances, work premises and their rights to use them) to work-production use in order to expand the material bases of associated labor and to establish constitutional guarantees of the legal and economic security of invested resources for expanding the material bases of citizens' private work. In other words, this means that, just as with foreign investors, the rights of SFRY citizens cannot be reduced by law or by other regulations after the agreement whereby these rights are established has come into effect.

Mikulic announced that the FEC will assess the appropriateness of forming its own special working body which would be continuously concerned with questions of developing small businesses.

Soon we also will be clarifying the question as to whether citizens of the SFRY who have earned their financial resources in an honest manner by working abroad, who have a correct attitude toward Yugoslavia and the country in which they live, and who are the owners or co-owners of firms abroad, should be treated in the same way as foreign investors when they invest their funds in organizations of associated labor in Yugoslavia. We consider, Mikulic emphasized, that there is no reason to differentiate between them and the citizens of other countries when it comes to realizing the rights envisaged in the law on joint investment.

The president of the FEC recalled the recent important improvements made in the law on the investment of the funds of foreigners in domestic organizations. As an example he mentioned that the surplus of net earnings from joint business activities is defined so that it is identical to the category of gains, that is profits, and the profit of the foreign investor has no advance limit placed on it. The foreign partner may also invest a greater amount of capital in joint business activities than the domestic organization. The principle of the limited responsibility of the foreign investor has also been established, which means that the risk and liability of the foreign investor in joint investment are limited only to the amount of the funds invested. The foreign investor is guaranteed the return of the real value of the funds invested, and he may freely transfer profit realized in foreign exchange, depending, of course, on the foreign currency earnings realized in the joint venture.

The conditions under which the rights of foreign investors are realized cannot be changed or restricted by any measure of current economic policy. Instead of having an advisory position in the joint management organ, the foreign partner is able to have an active relationship and influence on all business decisions. It has been established that losses in joint ventures arise if the income realized through joint business activity is insufficient to meet the commitments of the joint business. The organization of associated labor freely pays the maturing claims of the foreign partner in the joint venture from a part of export earnings, but if the supply and demand for foreign currency on the Yugoslav market is not coordinated, these claims are paid in order, as is the case with payments under foreign loans, etc. A further reexamination of this law is to be undertaken shortly, with the aim of introducing into it further improvements to encourage these investments.

Concluding his speech, Mikulic called on the Yugoslav migrant workers present to put forward their own views and those of other workers on the questions raised and to give their own suggestions and proposals for the development of small businesses and the encouragement of dinar and foreign currency savings by citizens, as well as on other questions.

Our workers abroad are prepared to invest their savings in production and service activities in Yugoslavia, provided stable economic conditions and a precise and stimulative taxation system are guaranteed and the various administrative barriers are removed.

These were the most frequent and most important messages coming from those talking today to Branko Mikulic, president of the FEC and representatives of other organs and organizations. Our workers expressed satisfaction with the organization of today's meetings and put forward a large number of useful suggestions. [passage omitted]

Dr Djuro Radakovic, working in Switzerland, noted the absurd situation, whereby a citizen in Yugoslavia has to ask various organs for permission to open a small workshop, instead of this being his constitutional and legal right and his being treated as an equal economic partner. [passage omitted]

In the statements of other participants, and there were 14 in all, various other criticisms were made, ranging from those aimed at customs officials and bankers, to those addressed to municipal authorities referred to as the main bulwark against cooperation with returnees from abroad. [passage omitted]

Many speakers regarded today's meeting as yet another expression of confidence in the Yugoslavs who live and work abroad. Vojko Sandric (Switzerland) noted that the meeting was a success even before it had begun and that they would all begin to look differently at the situation in their own country. [passage omitted]

I would say that we have already made a serious start along the path and we can already see the beginning of the end of unprofitable production, the socialization of losses, and the extension of the way of life and behavior which have led us into increasingly serious difficulties, said Branko Mikulic, winding up the meeting which had lasted for 4 and 1/2 hours. In this context, the FEC president noted that now in Yugoslavia exceptional importance is being given to small businesses.

We particularly are interested, Mikulic continued, in the development of production and those service capacities that will contribute most to the development of the country, to the establishment of a more balanced economic structure in Yugoslavia, and to establishing better facilities for tourists. We are oversaturated with small cafes and restaurants employing just one person, but we are short of small modern tourist hotels and we lack many manufacturing units.

In Mikulic's view there is room for the suggestion -- about which the participants at the meeting today spoke -- that in privately owned production and service activities there should not be a limitation on the number of employees, or rather the right should be given to employ a large number. In contractual organizations that number is not restricted now.

We will devote special attention to creating the conditions for security of investment, and for stability in the taxation system, Branko Mikulic promised his collocutors. We will do everything to ensure that citizens who invest funds in the development of small businesses are not clients but partners in a joint venture. When it comes to savings, we must, of course, abolish the practice of changing the terms agreed upon at the time when the money is deposited at the bank, but only allow this on the expiration of the agreement. If there is a need to open a discussion on new conditions, these new conditions should be established by agreement, just as they were the first time. Interest rates cannot be lowered during the validity of an agreement.

The FEC president commented in particular on rumors which have been circulating abroad recently, to the effect that Yugoslavia might apparently do away with citizens' foreign currency accounts. I would like to take this opportunity, Mikulic said, to say to you and to guarantee on behalf of the FEC that this will not happen and that we have never considered this. All citizens of Yugoslavia who invest their funds in foreign currency accounts can be completely sure, both now and in the future, that there will be no risks of this kind. They may freely invest their foreign currency in Yugoslavia, whereby they will assist its development, and we guarantee the security of their funds.

Any conversion of foreign currency into dinars will always be a matter of the free choice of the owner of the foreign currency account, Mikulic concluded.

A joint luncheon was arranged for the participants in the meeting in the Palace of the Federation.

JOVICIC ON ARMY'S ACHIEVEMENTS IN 1986

AU082127 Belgrade NARODNA ARMIJA in Serbo-Croatian 25 Dec 86 No 2476 p 7

["Excerpts" from interview given by Colonel General Georgije Jovicic, president of the Yugoslav People's Army [YPA] LC Organization, to Skopje Radio on the occasion of Army Day -- date not given]

[Excerpt] [Question] These days, the peoples and nationalities of Yugoslavia are marking the 45th birthday of Tito's army. The Yugoslav People's Army Day, 22 December, is not only a day for remembering the historical past and the post-war development of our Armed Forces, Army Day is also a day for the Army to report on its achievements during the past year. These achievements also include the efforts and involvement of the Communists in the Army. Comrade Jovicic, what, in your opinion are the greatest achievements in the development and work of the Army in this year of our congress?

[Jovicic] This year in many respects will be significant for us and for the members of the Army. Among significant events, I would above all like to mention the 13th LCY Congress, republican LC congresses, provincial conferences, and our eighth conference, not because they were held, but because much was done toward gaining a more realistic understanding of the whole situation in society and the LCY, and because a high degree of understanding and unity about paths to overcoming our economic, social, and even some political problems was achieved. [passage omitted]

Returning to the answer about the greatest achievements of the Army this year, I only would like to stress two matters that are in my opinion significant. The first refers to results in modernizing and developing the YPA and the second to results in the moral and political unity of the Army organization.

Significant Results in Modernizing and Developing the Army [subhead]

As far as the first matter is concerned, one should bear in mind that the current 5-year plan for a further development and modernization of the YPA started this year. We appreciate that, despite great difficulties, some significant results have been achieved in developing almost all branches of the Army. It is true that known economic difficulties in our society and the slow implementation of the Long-Term Economic Stabilization Program have adversely affected some of its courses, which has, in turn, led to the reduction in the number of its plans, primarily in building some objects in its infrastructure, reduction in expenditure for regular activities, and plans for improving the standard of living of the members of the YPA. Some plans for development and technical equipment have also been revised. However, by relying on scientific and research work, home production, and the allocation of resources, we have tried to make all this affect the modernization of the Army as little as possible. [passage omitted]

As far as the other matter is concerned -- the ideological and political unity in the YPA -- it is known that it is not easy to maintain ideological and political unity under conditions of economic crisis and all other misfortunes with which we are faced, particularly under conditions of significant differences in the LC regarding many questions, and under conditions in which antisocialist forces, nationalism, and the Right are getting stronger. This is why these questions have continuously been at the center of our attention and we appreciate it that, due to intensified efforts in ideological and political work, great efforts of the Communists in the headquarters, and many decisions and positions of the LCY Central Committee, as well as our entire efforts on developing socialist Yugoslav consciousness and Yugoslav socialist patriotism, the Army has succeeded in maintaining a fairly high level of ideological consciousness and moral strength. This enables it to assert itself as a strong factor of stability of our social system and a factor to deter any aggression. [passage omitted]

[Question] On one occasion you said: "Despite difficulties, we managed to preserve the unity of the Army and its moral strength. The Army has continually affirmed its Yugoslav national character. This bothers all our enemies who try to destabilize the Army, to keep it closed in its barracks, and to isolate it from our society and all social matters." Could you comment on this now, after the 13th LCY Congress?

[Jovicic] [Passage omitted] The congress adopted a very firm critical view toward various propaganda and similar attacks on the Army and against attempts to deny it its constitutional role and responsibility. In connection with this, the LC and other subjects of the society have been asked to wage a consistent battle against such phenomena.

However, as you know, after the congress similar negative phenomena and suggestions still exist and go as far as to want to change some essential provisions of the Constitution and law on the Armed Forces. A typical example is the request for civilian military service. There also are some other suggestions for changing attitudes toward the defense of the country. Our public has been informed about this and some organs have expressed their critical view of all this. One could talk a lot about it. However, I would like to say that these new phenomena show the LC must tackle this problem more seriously and, second, that the opinions that the Army must be the first and only one to oppose these phenomena are not justified. Our view is that the LCY and the whole society care about the total development of the Army, and, analogous to this, protect and defend it from various attacks. The Army is doing and will continue to do what is within the fullest extent of its obligations and responsibilities.

TANJUG CITES DATA ON INCREASING KOSOVO COMPLAINTS

LD082141 Belgrade TANJUG Domestic Service in Serbo-Croatian 1000 GMT 8 Jan 87

[Text] Pristina, 8 Jan (TANJUG) -- During 9 months of 1986, the Commission for Petitions and Complaints of the Kosovo Assembly discussed 1,280 petitions. The biggest number was sent to the Assembly of the Socialist Autonomous Province of Kosovo, 530, while 83 were sent to the Yugoslav Assembly, 53 to the Assembly of the Socialist Republic of Serbia, 12 to the FEC, 11 to the SFRY Presidency, 7 to the Presidency of the Socialist Republic of Serbia, and 4 petitions, which were looked at by this commission, were sent to the 13th LCY Congress.

It is interesting that the number of petitions by working people and citizens considered by this commission is on the increase every year.

For example, in 1982, the commission received 588 petitions; 963 citizens complained in 1982 either verbally or in writing. In 1983 the number of petitions rose to 1,350, while a year later as many as 1,768 citizens sent petitions. The highest number of complaints was in 1985, around 1,840. The data on the number of petitions last year are still not definite, but it is certain that the number will not be lower than in 1985.

Citizens and working people mostly pointed out irregularities in employment, seeking help in taking up employment or solving accommodation problems. Almost one-quarter of the petitions received refers to the area of administration and the judiciary, as well as to property and legal relations. In these petitions, stress is laid on the lack of efficiency and promptness on the part of the related organs, the length of the procedure, and the failure to implement court decisions. In a number of these petitions, doubt is expressed about the legality of the work of Kosovo courts.

According to information from the Commission for Petitions and Complaints of the Assembly of the Socialist Autonomous Province of Kosovo, out of 698 written petitions in the past 9 months, 427 were successfully dealt with. At the same time, the commission established that 41 of the above demands were unfounded, while in 86 cases, a report from appropriate organs is awaited.

As far as the national structure of petitioners is concerned, the highest number, 818, or 64 percent, are from the Albanian nationality, while 27 percent of them are by Serbs. It is clear from these data that, considering their overall share in the national structure of the Kosovo population, the highest number of petitioners, relatively speaking, come from Serbs. It is characteristic that last year the number of petitions sent by groups of citizens of Serbian and Montenegrin nationalities pointed out pressures exercised by Albanian nationalists and irredentists increased. As is well-known, Serbs and Montenegrins, in most cases, directly approached the highest organs in the federation, the Socialist Republic of Serbia, and the Socialist Autonomous Province of Kosovo. In 9 months of last year, the provincial Commission for Petitions and Complaints, together with the working party of the Federal Chamber of the SFRY Assembly, investigated, on the spot, the claims from 403 petitions by the citizens of Serbian and Montenegrin nationalities.

SERBIAN ARCHBISHOP CHRISTMAS MESSAGE FOR PEACE

AU082114 Belgrade POLITIKA in Serbo-Croatian 7 Jan 87 p 6

[U. R. Report: "Patriarch German's Christmas Message"]

[Text] In his traditional message to the faithful on the occasion of the Christmas holidays, Serbian Patriarch German, Orthodox archbishop of Pec and metropolitan of Belgrade and Karlovci, today talks about the necessity for peace "on earth" at a time "the world is in unrest." The Serbian patriarch bids us to "make peace first in our own conscience" in order "to get rid of mistrust among people, in families, and interpersonal, international, and interstate relations."

In his message, Mr German appeals for goodwill among people. "To have a goodwill toward others means: Understand everybody, help everybody, recognize everybody's right to life, freedom, bread, and legal and social protection. To have goodwill also means not rejecting anybody because of his name or belief, and providing all peoples with the right to cultivate their culture and traditions," states the Serbian patriarch.

HASANI, RENOVICA GREET KIM IL-SONG ON REELECTION

Hasani Congratulations

AU082110 Belgrade POLITIKA in Serbo-Croatian 31 Dec 86-1,2 Jan 87 p 6

[Text] On the occasion of the reelection of Kim Il-song as president of the DPRK, Sinan Hasani, president of the SFRY Presidency, on behalf of the SFRY Presidency sent a telegram to the Korean president with cordial congratulations and best wishes for success in his work.

Renovica Message

AU082112 Belgrade POLITIKA in Serbo-Croatian 31 Dec 86-1,2 Jan 87 p 6

[Text] Milanko Renovica, president of the LCY Central Committee Presidium, has congratulated Kim Il-song, general secretary of the Korean Workers Party and president of the DPRK, on his reelection as the general secretary of the Korean Workers Party.

MIKULIC CONGRATULATES CASTRO ON NATIONAL DAY

AU082111 Belgrade POLITIKA in Serbo-Croatian 31 Dec 86-1,2 Jan 87 p 6

[Text] On the occasion of the National Day of the Republic of Cuba, Branko Mikulic, president of the FEC, sent a telegram with cordial congratulations to Fidel Castro, president of the Council of State of Cuba.

BRIEFS

COMPULSORY AIDS TESTS -- Belgrade, January 8 (TANJUG) -- Yugoslavia is shortly to introduce compulsory AIDS tests for blood donors. Until now, tests for AIDS (Acquired Immune Deficiency Syndrome) was regularly carried out only in the Republic of Slovenia, where of some 58,000 tested blood samples four were positive. Random tests carried out elsewhere in Yugoslavia did not reveal any presence of anti-bodies to the AIDS virus. The Yugoslav Federal Commission for Contagious Diseases is of the opinion that stricter supervision over the samples should contribute to complete elimination of the possibility of infection through the blood of donors. [Text] [Belgrade TANJUG in English 0030 GMT 8 Jan 87 LD]

RESCHEDULED DEBT TO BELGIUM -- Brussels, Jan 8 (TANJUG) -- Yugoslavia and Belgium agreed here today to reschedule 600 million Belgian francs of Yugoslav debt to Belgium, due on March 31, 1988. The agreement was signed by the heads of the two countries' government delegations, senior official at Yugoslav Secretariat for Finance official Nikola Jelic and director at the Belgian Agency for the Insurance of Export Credits Christian Vincke. [Text] [Belgrade TANJUG in English 1718 GMT 8 Jan 87 LD]